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DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1983

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE

COMMITTEE ON APPROPRIATIONS
UNITED STATES SENATE

NINETY-SEVENTH CONGRESS

SECOND SESSION

PART 1—(Pages 1–920)

Commission of Fine Arts
Department of Energy
Department of the Interior
National Gallery of Art
Nondepartmental witnesses

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DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1983

MONDAY, FEBRUARY 22, 1982

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, D.C.

The subcommittee met at 10 a.m., in room 1224, Everett McKinley Dirksen Senate Office Building, Hon. James A. McClure (chairman) presiding.

Present: Senator McClure.

DEPARTMENT OF THE INTERIOR

OFFICE OF WATER RESEARCH AND TECHNOLOGY

STATEMENT OF GARREY E. CARRUTHERS, ASSISTANT SECRETARY

ACCOMPANIED BY:

GARY D. COBB, DIRECTOR, OFFICE OF WATER RESEARCH AND TECHNOLOGY

JOSEPH W. GORRELL, DIRECTOR OF BUDGET

PREPARED STATEMENT AND BIOGRAPHY

Senator McCLURE. The committee will come to order.

Good morning. This is the time scheduled to begin subcommittee hearings on the fiscal 1983 budget for the Department of the Interior and related agencies. We will begin with the Office of Water Research and Technology, and then move to the Commission of Fine Arts and the National Gallery of Art.

Our first witness this morning is Garrey E. Carruthers, Assistant Secretary.

Welcome before the committee, Mr. Carruthers. I believe this is your first appearance before this committee in your position as the Assistant Secretary for Land and Water Resources.

We will include your biographical statement in the record. You may introduce your colleagues who are with you at the table, and proceed with your statement as you see fit. It will of course be printed in full in the record at this point.

[The information follows:]

STATEMENT OF DR. GARREY E. CARRUTHERS

I am pleased to be here today to present the President's budget request relating to the programs conducted by the Office of Water Research and Technology. I am accompanied today by Mr. Gary D. Cobb, Director of OWRT, and by Mr. Joseph Gorrell, Director of the Interior Budget Office.

As you know, Mr. Chairman, the President's budget does not include funds for any OWRT programs for fiscal year 1983. The administration's position remains unaltered concerning continuing the programs of OWRT in this time of fiscal austerity. The Secretary has repeatedly stated he believes the functions of OWRT are properly the responsibility of the States and private industry. Along with the right of the States to manage their own water resources goes the responsibility for leadership in water resources research.

The authorization for funding of OWRT programs expires at the end of fiscal year 1982. The administration is not proposing that these programs be reauthorized, and no legislation for reauthorization is planned for transmittal to the Congress.

The international desalting R. & D. programs which have been operated by OWRT as totally reimbursable activities will be transferred to the Bureau of Reclamation and will continue. The capability for managing these international programs currently exists within the Bureau's Foreign Activities Division.

The only other OWRT program which we propose to continue is the Water Resources Scientific Information Center (WRSIC). The WRSIC data base could be integrated into the more sophisticated data and information system operated by the USGS. No determination has yet been made as to the specific location for WRSIC in 1983, and no funds are requested at this time.

Mr. Chairman, I would like to take a moment to explain why we believe it is important to maintain WRSIC as an ongoing component of the Department's natural resources information systems. This data base contains 160,000 abstracts of water research projects conducted nationwide. The information is available to scientists and researchers through remote computer terminals and the Government's remote console (RECON) system. In addition, it is now available to domestic and international users through two commercial on-line systems. It represents 14 years of Federal investment in a computerized data collection for water-related research, and as such we believe it is a valuable and important tool for coordinating and disseminating information about water resources research. WRSIC originated following a recommendation by the Committee on Water Resources Research (COWRR) to the President in 1967. At that time all the Federal agencies involved in water research agreed such a data base was needed and should be located in the Department of the Interior. The first appropriation for WRSIC was made in 1968, under the authority of Public Law 88–379, the Water Resources Research Act of 1964. WRSIC predates the Office of Water Research and Technology, which came into existence through secretarial order in 1974. We believe WRSIC can and should continue to operate as a scientific data base, regardless of the termination of other OWRT programs.

All other OWRT programs will be brought to an orderly termination by the end of this fiscal year. Phase-down procedures have been established. There will be residual monitoring of research and development projects, as necessary, in 1983 and 1984. This work will be carried on in other bureaus of the Department. Remaining OWRT staff will be reduced through a reduction-in-force to those few needed to complete final monitoring of projects and review of reports.

Mr. Chairman, I am submitting with my testimony a chart listing all projects which we believe will be incomplete on September 30, 1982, and require subsequent monitoring. The last scheduled date for project completion is in 1984. Most projects, however, will be completed much sooner.

In bringing these programs to an end in an orderly manner, two additional tasks have been assigned to OWRT. A program-by-program synopsis of program accomplishments from 1979 to 1982 will be made. In addition, a synopsis of water research priorities as outlined in the 5-year research priority plans of the 54 water research institutes will be prepared. We believe that these two reports will be useful to the States and to researchers in the university community and industry, as the States and private sector take over greater responsibility for this work.

Finally, Mr. Chairman, I want to comment briefly on the two reports which were requested by the conference report to accompany H.R. 4035, making appropriations for fiscal year 1982. We have completed those two reports and they were submitted to you as requested.

The report on water research institutes maintains the administration's position that zero-funding is the only viable alternative in this time of fiscal restraint. Given national economic recovery, the report presents options for a reorganized institute program—reducing the current number of institutes and funding the program through a Federal, non-Federal matching grant program. This option would focus the available Federal funds as well as research efforts. With greater emphasis on results and funding dependent on the research product, those institutes which have developed into innovative, problem-solving entities will most likely be able to acquire funding. We believe focusing the available funds will develop stronger institutes. Other institute programs would continue to be based on State and university priorities.

The report on the desalination program and test facilities discusses the two main options: either dismantling the facilities so the property can be put to other beneficial use or facilitating use of the equipment by the private sector. The report also provides a detailed plan for transition of the program and facilities. The plan is directed to developing private sector sponsorship of the facilities—a concept we strongly advocate.

Mr. Chairman, that completes my testimony. I would be happy to answer your questions.

ESTIMATED TO REMAIN FOR COMPLETION AFTER SEPTEMBER 1982

Program (Public Law 95-467)	1982			1983												1984		
	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
Title I:																		
Annual cooperative	280	270	250	235	225	205	190	180	160	145	135	115	100	90	70	55	45	[1] 25
(New 1982)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(90)	(80)	(70)	(60)	(50)	(40)	(30)	(20)	[1] (10)
Matching grant	87	75	72	40	37	35	29	28	27	26	26	26	8	8	6	4	4	[2] 1
Conservation	8	8	7	7	6	6	4	4	3	2	2	1	1	1	1	1	1	[3] 1
Mount St. Helens	16	16	14	13	12	10	7	5	5	5	4	1	1	1	1	0		
Special	4	4	3	2	2	2	1	1	1	1	1	1	1	0				
Urbanizing areas	3	3	3	3	2	2	1	1	1	1	1	1	1	1	1	0		
Water reuse	15	12	11	5	4	4	4	4	4	2	0							
(New 1982)	(7)	(7)	(6)	(6)	(6)	(6)	(6)	(6)	(5)	(5)	(5)	(5)	(3)	(3)	(3)	(3)	(1)	[4] (1)
Title II:																		
Saline water research	15	11	5	4	2	2	2	1	1	1	0							
(New 1982)	(3)	(3)	(3)	(3)	(3)	(2)	(2)	(2)	(2)	(2)	(2)	(1)	(1)	(1)	(1)	(1)	(1)	(0)
Saline water development	20	20	13	11	11	10	10	8	8	7	7	7	6	6	6	6	6	[5] 5
Title III:																		
Technology transfer	4	4	4	1	1	0												
(New 1982)	(3)	(3)	(3)	(2)	(2)	(2)	(1)	(1)	(1)	(1)	(1)	(0)						
WRSIC	2	1	1	1	0													
(New 1982)	(7)	(7)	(7)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(0)					

[1] All projects to be completed by May 1984.

[2] Project to be completd by July 1984.

[3] Project to be completed by November 1984.

[4] Project to be completed by September 1984.

[5] All projects to be completed by October 1984.

BIOGRAPHY OF DR. GARREY E. CARRUTHERS

Dr. Garrey E. Carruthers was nominated by President Reagan as Assistant Secretary of the Interior for Land and Water Resources on March 2, 1981, and was confirmed by the U.S. Senate on May 7, 1981.

Born in Alamosa, Colo., August 29, 1939, Carruthers grew up in Las Cruces, N. Mex. He earned B.S. and M.S. degrees in agriculture and agricultural economics from New Mexico State University, and a Ph. D. in economics from Iowa State University.

From 1968 to 1979, he was assistant professor and later associate professor in New Mexico State's Department of Agricultural Economics and Agricultural Business. He attained full professorship in July 1979.

From September 1974 to August 1975, he was a Special Assistant to the U.S. Secretary of Agriculture and a White House Fellow. From July 1976 to March 1978, he served as acting director of the New Mexico Water Resources Research Institute.

He is a member of the American Agricultural Economics Association, the Western Agricultural Economics Association, and the American Academy of Political and Social Services. He also belongs to Sigma Xi, Omicron Delta Kappa, and other educational organizations.

Dr. Carruthers and his wife Katherine live in Springfield, Va. They have three children.

INTRODUCTION OF ASSOCIATES

Mr. CARRUTHERS. Thank you very much, Mr. Chairman.

Yes, this is my first opportunity to visit with the Senate Committee on Appropriations, Subcommittee on Interior, and I welcome the opportunity to work with you now and in the future.

I have two colleagues with me, Gary Cobb, the Director of the Office of Water Research and Technology, whom you know, and Joe Gorrell, the Budget Officer for the Department of the Interior, is also accompanying me today.

I would like, Mr. Chairman, to submit my testimony for the record. I would note that we have had to correct a couple of citations in the testimony and that we do have that available to you today. We made an error in the testimony we sent up last week in that a couple of citations were incorrect.

Senator MCCLURE. Confession is good for the soul.

Mr. CARRUTHERS. Absolutely. Particularly at budget time.

OPENING STATEMENT

But just to summarize, this represents our second annual request to go out of business in the Office of Water Research and Technology, and Congress concurred in part last year that we should have some reductions in this program, and my records show a decline. That decline was from $31 to $24 million in fiscal year 1981, finally ending up around $10 million in fiscal year 1982.

Essentially, our 1983 request would reflect that we want to go to a zero budget in the Office of Water Research and Technology. We believe that the OWRT has two divisions—two principal divisions of concern. One is the research program—the institute program, as most people call it—and the desalting and water reuse program.

The research program is ready for the States. We believe that the States have primary responsibility for water resources—allocation and management—and should assume that responsibility in researching all those water resources areas.

Desalting and water reuse are already in the private sector. There are a number of companies that do this now in the United States. There are a number of communities that rely right now on desalting water for community water supplies. So even though there may be some more research and development to do in those areas, we have, as a result of some significant investment by the Government, pursued that technology to the point that the private sector has accepted and apparently is selling it, and some private sector people can invest some of their funds into research.

We do indicate the need to save a couple of programs. One is the Water Resources Scientific Information Center, which I will recommend to the Secretary be transferred to the U.S. Geological Survey, and the international water desalting work should be transferred to the Bureau of Reclamation, where they are already actively engaged in a number of international water development programs.

We are currently structured in the Department of the Interior to phase down the Office of Water Research and Technology program through our management-by-objectives system, and we will soon recommend a modest reorganization plan to the Secretary in anticipation of a zero budget in 1983.

Mr. Chairman, that summarizes my comments. You are aware that we also submitted two reports to the Congress as a result of the conference committee request dealing with the water institute program and the desalting program, which are reflected in my testimony as submitted for the record.

Senator McClure. Thank you very much for summarizing your statement. Your full statement does appear in the record, and will appear in its corrected version.

REORGANIZATION OF FUNCTIONS

I would like to point out that, as you have in your testimony, there would be two functions remaining, if I understand the administration's position: One is the monitoring of the saline water program, where there is involvement with the Israeli and Saudi Arabian Governments, and would be under reimbursement from them. Is that correct?

Mr. Carruthers. That is correct, Mr. Chairman.

Senator McClure. The other is the Water Resources Scientific Information Center. It has not been stated where that would go, but you indicated you would suggest to the Secretary that it be transferred to USGS.

Mr. Carruthers. Yes, that's right. The U.S. Geological Survey has one of the best water information systems, if not the best, in the country, and it is my belief that this system ought to be merged with the USGS system to provide the kind of information that all water users will want. I don't think it will be difficult; although we have not been able to resolve it in our budget, the USGS could handle that merger.

Senator McClure. Without money?

Mr. CARRUTHERS. Yes; we would ask that they do it without money. They are somewhat reluctant to do that.

Senator McCLURE. I think I understand that.

WATER RESEARCH RESPONSIBILITIES

The major assumptions supporting the administration's proposal, it seems to me, indicate that it's your belief that basic research needs have already been met with Federal assistance, and it's time now for the affected agencies and industries to adopt these research findings and finance either their further development or their application in industrial operations, and that the private sector will in fact continue work in those areas which are commercially viable.

You indicated in your statement this morning that you expect that the States and the private sector will pick that up; is that correct?

Mr. CARRUTHERS. I think we need to differentiate the kind of research as well. We certainly believe that the desalting and water reuse research—the basic research—has been accomplished. The private sector is in the business of selling those units now, and it is an obligation of the private sector to continue to develop the better units.

Certainly the program ought to be removed from Federal sponsorship. We do not believe that all the basic water research in this country has been accomplished, but this is not the only water research program in Government. The U.S. Department of Agriculture has a commitment to water research. The Water Resources Division in the U.S. Geological Survey has a commitment. I think Gary told me a little earlier in my office that some years back they calculated approximately a $300 million investment in water research across Government.

So we are not talking about the only water research program in Government.

Senator McCLURE. You're not suggesting that the Department of the Interior get out of it completely?

Mr. CARRUTHERS. This aspect of the Department of the Interior, yes.

ONGOING ACTIVITIES

Senator McCLURE. How many contracts or projects does OWRT currently have under way with completion dates after September 30, 1982?

Mr. CARRUTHERS. Mr. Chairman, I'll defer to Gary Cobb.

Mr. COBB. That's shown in the table that is attached to the prepared statement. It is in excess of 400 projects.

Senator McCLURE. Well, I thought the table indicated there are almost 4,000?

Mr. COBB. No; that table indicates the number of outstanding projects by month, indicating a decrease in the number of outstanding projects as work is completed.

Senator McCLURE. Then we should read the table to indicate the table by month is those that are active during that month, and the table does not accumulate?

Mr. COBB. Yes, sir, Mr. Chairman.

Senator MCCLURE. Can you give us some examples of these items and provide a list for the record?

Mr. COBB. Yes; I can list all of those projects.

Senator MCCLURE. If you will do so, please.

[The information follows:]

OWRT PROJECTS SCHEDULED FOR COMPLETION AFTER SEPTEMBER 30, 1982

Listed below are projects with completion dates after September 30, 1982, in the following programs: national focused research and development programs, including water reuse, water conservation, water problems of urbanizing areas, special research, Mount St. Helens, and saline water conversion research (65 from prior years and 6 1982 projects); matching grant program through the institutes (77); saline water development (16).

The list of institute projects ongoing through the allotment program is estimated to be 175 funded in 1982 or in prior years. This list is being updated to include institute projects in the current year programs which are still being reviewed for final approval. This completed list will be submitted to the committee on April 1.

Office of Water Research and Technology
Water Reuse Research and Development Program
Ongoing Projects to be Completed After 09/82

(Continued)

No.	Performer	Title	$	Scheduled Completion
1470	Moleculon Res. Corp.	Pilot Testing of Poroplastic Membrane Units for Recovery of Organics and Reuse of Industrial Wastewater	192,217	10/82
1473	Univ. Ariz.	Treatment Methods for Reuse of Municipal Sewage Effluent for Mineral Flotation in the Mining Industry	114,100	08/83
1474	AWWA Res. Foundation	Municipal Wastewater Reuse Technology Transfer	92,6[illegible]8	12/82
1475	Univ. Denver	Assessment of Effects of Public Education Program on Attitudes Toward Potable Wastewater Reuse	117,410	09/83
1478	Rexnord Corp., Inc.	Advanced Processes for Recycling of Cooling Tower Blowdown from Steam Electric Power Plan (Mobile Test Facilities)	195,882	12/82
2404	Environmental Tech. Consult.	Requirements and Potential for Reuse and Recycle in the Textile Industry	126,000	04/83
2403	Bend Res.	Development of Coupled Transport Membranes Process for Industrial Water Reuse	143,000	07/83
2404	Energy Resources Consultants, Inc.	Water Reuse and Recycle at Oil Shale Facilities	158,000	05/83

Office of Water Research and Technology
Water Reuse Research and Development Program
Ongoing Projects to be Completed After 09/82 (Continued)

No.	Performer	Title	$	Scheduled Completion
2406 1/	Fla. Int'l U.	Nutrient Film Technique Development for Nonpotable Water Reuse	150,000	07/84
2407 1/	Westgate Res. Corp.	Pilot Test Application of Ozone/Ultra Violet Light Reactor for Industrial Process Water Reuse	100,000	08/83
2408 1/	Jacobs Eng.	Industrial Water Reuse of Oxidation/Adsorption Processes	100,000	08/83
2410 1/	Moleculon Res.	Reuse of Industrial Wastewater by Electrodialytic Extraction	135,000	09/83

1/ Selected for Funding in 3rd and 4th Quarters, 1982

Office of Water Research and Technology
Water Reuse Research and Development Program
Ongoing Projects to be Completed After 09/82

No.	Performer	Title	$	Scheduled Completion
7811	Univ. Ill.	Water Reuse Through Ground Water Recharge in Northeastern Illinois	100,000	09/83
0474	Stanford Univ	Volatilization of Organic Trace Contaminants by Air Stripping for Water Reclamation	90,000	12/82
0499	Texas A&M Res. Found.	Treatment of Domestic Wastewater for Reuse with Inorganic Oxide Adsorbents	128,725	11/82
0522	U. Tex. -Austin	Preferential Solute Sorption in Reverse Osmosis	92,585	10/83
0529	Calif. Dept. of Resources	Agricultural Wastewater-Reverse Osmosis Pretreatment	165,000	04/83
1443	Bend Research	Research on Novel Solvent Extraction Systems for Industrial Water Reuse	75,590	10/82
1453	SumX Corp.	Photocatalytic Oxidation for Wastewater Reuse	87,216	01/83
1455	Univ. Tenn	Enhanced Reuse Potential of Coal Slurry Transport Water: Assessment and Removal of Organics	119,778	09/83
1464	Univ. Hawaii	Hydraulic Study of Drip Irrigation to Reduce Plugging in Agricultural Reuse of Wastewater	162,003	08/83
1468	Ga. Inst. Tech.	Comprehensive National Evaluation of Water Reuse and Recycle Potential in the Pulp and Paper Industry	113,143	12/82

Office of Water Research and Technology
Water Conservation Research and Development Program
Ongoing Projects to be Completed After 09/82

No.	Performer	Title	$	Scheduled Completion
0477	Univ. Calif. -Santa Barbara	Urban Water Conservation: Estimates of the Potential of Policy Alternatives	96,705	08/83
0478	Auburn Univ.	Water Conservation by Mechanical-Chemical Treatments to Desize Textile Fabrics	100,000	03/83
0486	Texas A&M	Pricing and Conservation of Irrigation Water in Texas and New Mexico	92,706	03/83
0497	Univ. Mass	A Methodology and Policy for Water Conservation through Upgrading Water Distribution Systems	128,425	02/83
0506	Georgia Inst. Tech	Water Conservation Research Priorities for Water Resources Management Agencies of the South Atlantic-Gulf States	99,000	01/83
1446	VPI and SU	Evaluating the Effectiveness of Promoting Residential Water Conservation through Exhibit Media	71,692	05/83
1465	Univ. Nebraska	Irrigation Scheduling Procedures with Limited Water for Improved Water Use Efficiency for Corn and Soybeans	84,189	11/84
1477	Teknekron Research	An Analysis of Two Principal Legal/Institutional Constraints to Agricultural Water Conservation in the Western States	66,479	11/82

Office of Water Research and Technology
Urbanizing Areas Water Research and Development Program
Ongoing Projects to be Completed After 09/82

No.	Performer	Title	$	Estimated Completion
0498	Purdue Univ.	Problem Oriented Evaluation of Institutional Decisionmaking and Improvement of Models Used in Regional Runoff Management: Application to Indiana	159,502	12/83
0504	Univ. Washington	Operation of Detention Facilities for Urban Stream Quality Enhancement	87,163	01/83
0507	Colo. State Univ.	Optimal Design of Real Time Urban Stormwater Control Systems	81,153	03/83

Office of Water Research and Technology
Special Research and Development Program
Ongoing Projects to be Completed After 09/82

No.	Performer	Title	$	Estimated Completion
9444	New Mexico State Univ.	Water-Use Production Function of Selected Crops in Northwestern New Mexico	37,050	09/83
0510	Tuskegee Inst.	Comparison of Metabolic Inhibitors, Film Forming Antitranspirants and Drip Irrigation for Improvement of Water Use Efficiency of Blueberry Plants	75,000	03/83
0521	Univ. Calif. -Davis	Delineation and Correlation of Salinity and Landforms and Geologic Functions: Upper Colorado River Basin	49,992	12/82
1433	Flood Loss Reduction Associates	Reduction of Flood Insurance Costs through Flood Warning Preparedness	59,752	11/82

Office of Water Research and Technology
Mount St. Helens' Water Research and Development Program
Ongoing Projects to be Completed After 09/82

No.	Performer	Title	$	Scheduled Completion
0534	Wash. St. U.	Research Assessment and Coordination: Water-Related After Effects of the Mount St. Helens' Eruption	135,632	01/83
1418	Univ. Wash.	Effects of Mount St. Helens' Eruption on Salmon Populations and Habitat in the Toutle River	247,476	03/83
1429	Univ. Wash	Assessment of Changes in Storm and Seasonal Runoff Response of Watersheds Impacted by Mount St. Helens' Ash Deposition	144,304	07/83
1441	Wash. St. U.	Some Effects of Volcanic Ash on Plankton Productivity	43,109	02/83
1447	Univ. Mont.	Nutrient Subsidy in Alpine Lake Ecosystems by Volcanic Ash	69,280	04/83
1452	Ore. St. U.	Aerial Remote Sensing of the Hydrologic Characteristics of the North Toutle River Debris Flow	20,029	11/82
1457	Wash. St. U.	Attenuation of Leachate Generated From Co-Disposal of Volcanic Ash and Solid Waste	151,667	08/83
1458	Wash. St. U.	Occurrence of Organic Compounds in Water and Stream Sediments due to the Mount St. Helens' Eruption	75,077	06/83
1459	Wash. St. U.	Surface Irrigation as Affected by Ash from Mount St. Helens	51,433	11/82
1460	Univ. Idaho	Fate, Distribution and Limnological Effects of Volcanic Tephra in St. Joe & Coeur D'Alene Deltas of Lake Coeur D'Alend, Idaho	100,766	08/83

Office of Water Research and Technology
Mount St. Helens' Water Research and Development Program
Ongoing Projects to be Completed After 09/82 (Continued)

No.	Performer	Title	$	Scheduled Completion
1461	Ore. St. U.	Effects of Volcanic Ash and Uncontaminated Estuarine Sediment on the Survival of Demersal Eggs & Larvae of Selected Fishes of the Lower Columbia River Estuary	48,623	03/83
1463	Wash. St. U.	The Mechanics of Mudflows	171,145	02/83
1466	Univ. Idaho	In-Stream Distribution and Hydraulic and Ecological Effects of Volcanic Ash (Tephra) from the Mount St. Helens' Eruptions	199,917	08/83
1469	Univ. Mont.	The Effect of Ash Fallout on Water Quality in Western Montana	14,038	12/83
1471	Mont. St. U.	Evaluation of the Fluid Dynamic Properties of Mudflow on Mount St. Helens	33,798	04/83
1476	Central Wash. U.	Mount St. Helens and the Federal Response on the Lower Cowlitz River	49,353	12/82
1485	Ore. St. U.	Shoaling of Lower Columbia River Ports by Sediment from Mount St. Helens' Eruption	46,500	03/83

Office of Water Research and Technology
Saline Water Research Program
Ongoing Projects to be Completed After 09/82

No.	Performer	Title	$	Scheduled Completion
8527	Univ. Delaware	Mass Transfer and Thermodynamic Studies of Evaporative Freezing of Water	146,055	11/82
8567	Cornell Univ.	Desalting by Freeze Concentration Development of a Minimum Process	199,614	12/82
9435	Univ. Calif.-Davis	Investigation of Growth Instabilities of the Ice-Water Interface by Light Scattering Spectroscopy	128,847	11/82
9445	U.S.Dept.Agriculture	Mechanisms and Molecular Interactions in the Transport of Water Through Membranes	195,255	12/82
9446	Texas A&M	Research on Seawater Corrosion of Mettalic Alloys Used in Saline Water Conversion	231,768	12/82
0411	Stanford Univ.	Evaluation, Analysis and Prevention of the Fouling of Ultrafiltration Membranes by Macrosolutes	253,067	10/82
0438	Syracuse Univ.	Indirect Freezing as Vacuum Stripping of Emulsions for Freeze Desalination	128,030	01/83
0446	Texas A&M	The Prevention of Biofouling in Distillation Systems by Electrochemical Techniques	85,744	02/83
0464	Research Triangle Inst.	Research on Permselective Membranes from Polymides and Aromatic Polyamides	207,669	12/82

Office of Water Research and Technology
Saline Water Research Program
Ongoing Projects to be Completed After 09/82 (Continued)

No.	Performer	Title	$	Scheduled Completion
0465	SRI International	Novel Polymers for Reverse Osmosis Membranes	295,432	12/82
1438	SRI International	Evaluation of Accelerator Techniques in Reverse Osmosis	114,981	12/82
1442	SUNY-Syracuse	Novel Desalination Membrane Characteristics	141,931	08/83
1449	Bend Research Inc.	Novel Composite Membranes	246,702	05/83
1488	VPI & SU	Poly (Arylether) Copolymer Membranes for Desalination by Reverse Osmosis	236,503	05/83
2409	MIT	Fouling of Pressure-Driven Membranes in Desalination and Water Treatment Systems	164,000	03/84
1)		Chlorine-Resistant Dry Reverse Osmosis Membranes from Cellulosic and Noncellulosic Polymers	95,000	09/83
1)		Evaluation of Accelerator Techniques in Reverse Osmosis	125,000	09/83

1) RECOMMENDED TO START IN 1982

Office of Water Research and Technology
Matching Grants Program
Ongoing Projects to be Completed after 09/82

No.	State	Title	$	Scheduled Completion
B-081	ARIZ	An Evaluation of Ground-Water Management Alternatives Using an Integrated Hydrogeologic and Institutional Modeling Process	47,000	12/82
B-054	ARIZ	The Effects of Vegetation Conversion Upon Water Use by Riparian Communities	71,000	12/82
B-060	ARK	Disposal of Household Wastewater in Soil of High Stone Content	65,000	09/83
B-062	ARK	Atrazine Degradation, Sorption, and Bioconcentration in Water Systems	49,000	03/82
B-065	ARK	The Application of Laser Intra-Cavity Absorption Dector to Gas Chromatography of Trace Organic Pollutants in Water	35,000	03/83
B-068	ARK	Laser Photoacoustic Dection of Water Pollutants Phase II	70,000	09/83
B-191	CAL	Mathematical Modeling of Salinity Variation in the Hydraulic Model of the San Francisco Bay and Delta Estuary	36,000	12/82
B-196	CAL	Institutional Aspects Affecting the Management of Water Resources in California Agriculture	11,000	12/82
B-200	CAL	The Influence of Geochemical Origin and Drought Conditions on Aquatic Biota of the Known Geothermal Resource Area (KGRA) of California	51,000	12/82
B-203	CAL	Combined Water-Fertilizer Management to Minimize Nonpoint Water Pollution While Achieving High Crop Production	60,000	03/83

Office of Water Research and Technology
Matching Grants Program
Ongoing Projects to be Completed after 09/82

No.	State	Title	$	Scheduled Completion
B-210	CAL	Instream Flow Requirements of Native California Fishes	62,000	12/82
B-212	CAL	Development of Methodologies for Predicting the Subsurface Solubility and Bioavailability of Potentially Hazardous Trace Metals	30,000	12/83
B-213	CAL	Large Organic Debris and Anadromous Fish Habitat in the Coastal Redwood Environment: The Hydrologic System	26,000	12/82
B-216	CAL	Developing the Resource Potential of a Shallow Water Table	70,000	12/82
B-219	CAL	Evaluating a Portable Instrument for Detecting Drought and Salinity Stresses in Plants Through Changes in Leaf Optical Properties	11,000	12/82
B-215	CONN	Regulation of Land Use Practices for Areas Surrounding Aquifers--Economic and Legal Implications	71,000	12/82
B-017	CONN	Trace Organic Analysis of Chemistry Associated with Ozonalysis of Pollutant Molecules in Water	80,000	09/83
B-020	CONN	The Economic, Legal and Institutional Relations Involved in Diversions and Other Interbasin Transfers	120,000	09/83
B-050	FLA	The Fate of Phosphorous in Secondarily Treated Wastewater Applied to a Freshwater Marsh	64,000	09/83
B-141	GA	Organic Solvent Regeneration of Activated Carbon in Textile Waste Treatment	62,000	10/82
B-146	GA	Prediction of Irrigation Water Demand in the Southeastern United States	34,000	10/82
B-155	GA	The Effects of Hydroperiod on Floodplain Forest Production	71,000	11/82

Office of Water Research and Technology
Matching Grants Program
Ongoing Projects to be Completed after 09/82

No.	State	Title		Scheduled Completion
B-147	GA	Quantitative Models for the Minimization of Uncertainty and Nonquantitative Variables in Pollution Control Planning	79,000	12/82
B-1065	HI	Flexible Floating Membrane Impoundment of Stream Water in a Coastal Embayment as a Means of Water Conservation and Water Quality Control of Waikele Stream Inflows into West Loch, Pearl Harbor, Hawaii	34,000	11/82
B-053	IDA	Development and Validation of Habitat-Standing Crop Functions for Select Stream Fish and Fish-Food Organisms	141,000	03/83
B-045	IDA	Low Energy Irrigation Systems for the Pacific Northwest	74,000	01/84
B-136	ILL	Development of Instream Flow Requirements for Aquatic Insects	79,000	09/83
B-125	IND	Evolutionary Approach to Reservoir Systems Management Using Forecasts - Phase II	52,000	03/83
B-127	IND	Selective Feeding by Zooplankton: Implications for Lake Productivity	58,000	09/83
B-062	IOWA	Dendrography for Optimal Water Energy Utilization in Plant Growth	61,000	12/82
B-069	IOWA	Toxic Substances Models for the Upper Mississippi and Missouri Rivers	37,000	12/82
B-059	KAN	Model to Evaluate Conservation, Design, and Economic Feasibility of Supplemental Irrigation-Systems in the Sub-Humid Region	40,000	12/82
B-061	KAN	Water Quality Modeling of the Equus Bed Aquifer System in South-Central Kansas	40,000	12/82

Office of Water Research and Technology
Matching Grants Program
Ongoing Projects to be Completed after 09/82

No.	State	Title	$	Scheduled Completion
B-078	KY	Predicting Infiltration and Surface Runoff from Reclaimed Surface Mined Lands	71,000	04/83
B-012	LA	Hydraulic Conductivity of Rockfill	18,000	12/82
B-023	ME	Effects of Acid Rain on Aquatic Systems Chemiluminescense as a Probe of Metal-Organic Association Kenetics in Water Bodies	86,000	09/83
B-060	MI	Optimum Water Use by Stone Fruit Through Appropriate Irrigation Scheduling	72,000	09/83
B-158	MN	Increasing Economic Efficiency of Water Use for Irrigation in the Upper Midwest	99,000	09/83
B-161	MN	Mathematical Hydrologic Simulation of Critical Watersheds in Northeastern Minnesota	51,000	09/83
B-024	MISS	A System for Measuring Public Use of Ross Barnett Reservoir District	21,000	12/82
B-057	NEB	Tillage Practice Effects on Water Conservation and the Efficiency and Management of Surface Irrigation Systems	108,000	09/83
B-082	NJ	The Feasibility of Using Forest Vegetation to Renovate Septic Tank Effluent in the New Jersey Pine Barrens	110,000	09/83
B-084	NJ	Flood Control Effectiveness of Systems of Dual Purpose Detention Basins	39,000	01/83
B-073	NM	In Situ Determination of Hydraulic Conductivity in the Vadose Zone Using Borehole Infiltration Tests	110,000	09/83

Office of Water Research and Technology
Matching Grants Program
Ongoing Projects to be Completed after 09/82

No.	State	Title	$	Scheduled Completion
B-121	NC	A Comprehensive State Research Program on Water Use and and Conservation	41,000	12/82
B-127	NC	Chowan River Program Management	159,000	03/83
B-129	NC	Nitrate Loss from Agricultural Drainage Waters; Implications for Nonpoint Source Control	68,000	03/83
B-132	NC	Effects of Low Level Turbidity of Fishes in Lakes	64,000	03/83
B-135	NC	Comparative Analysis of Municipal and Regional Water Management Systems: North Carolina and Florida	42,000	03/83
B-140	NC	Options for Nonstructural Flood Risk Management: A State Perspective	39,000	03/83
B-143	NC	Composition, Distribution, and Sources of Sediments in the Pamlico and Neuse River Estuaries, North Carolina	73,000	03/84
B-144	NC	Dynamics of Nutrient Regeneration and Release from Pamlico River Sediments	106,000	03/84
B-145	NC	Radiological Impact Assessment of Radium-226 and Radon-222 in Drinking Water Near Phosphate Mining and Manufacturing Operations	35,000	03/84
B-053	OKLA	Water Management and Salinity Control in Irrigated Shelling and Shrinking Soils	51,000	01/83
B-077	ORE	Prediction of Impacts of Low Head Hydroelectrical Dams on Williamette Fishes Using Three Habitat Assessment Models	45,000	09/83
B-117	PA	Acid Storage and Release from Snowpacks: Effects on the Chemistry and Ecology of a Pennsylvania Mountain Stream	60,000	11/82

Office of Water Research and Technology
Matching Grants Program
Ongoing Projects to be Completed after 09/82

No.	State	Title	$	Scheduled Completion
B-121	SC	Development of a Chemical Analysis for Ultratrace Levels of Arsenic in Water	20,000	12/82
B-128	SC	The Estimation and Application of the Demand for Discharge Within the Context of Water Quality Management Systems	34,000	11/82
B-063	SD	Increasing Returns from Water and Nitrogen Applied to Irrigated Lands	52,000	09/83
B-068	SD	Utilization of Thermal Emittance Data to Monitor Soil Moisture and Subsurface Groundwater	60,000	09/83
B-038	TENN	A Method for Identifying the Water Resources Problems of a State and Designing a Research Program to Address Them	25,000	12/82
B-045	TENN	The Role of Cationic Surfactants in the Renovation of Water	42,000	12/82
B-055	TENN	A Model on Planning for and Allocation of Water to Public Water Systems	25,000	06/83
B-244	TX	Evaluation of Effects of Stormwater Detention in Urban Areas	58,000	12/82
B-248	TX	Return Flow and Deep Percolation Characteristics of First-Order Valley Basins	56,000	12/83
B-254	TX	Sprinkler Irrigation as an Energy and Water Saving Approach to Rice Production and Management of Riceland Pest	140,000	09/84
B-132	UTAH	Methodology for Displaying Effects and Establishing Public Preference Among Multi-Objective Water Resource Plans	37,000	12/83

Office of Water Research and Technology
Matching Grants Program
Ongoing Projects to be Completed after 09/82

No.	State	Title	$	Scheduled Completion
B-176	UTAH	Predicting Crop Production as a Function of Drought and Salinity Stress Under Irrigation	130,000	09/83
B-177	UTAH	Defining Stream Fish Microhabitat Requirements for Water Project Planning	25,000	12/82
B-189	UTAH	Adapting Western Water Law to Accommodate Equitable Consideration of Instream Flow Uses	48,000	12/82
B-214	UT	Effects of Organic Ligand Complexation on Heavy Metal Bioaccumulation in Crops, Soils, and Stream Benthic Communities Subject to Runoff Contaminated by Spent Oil Shale Leachate	91,000	09/83
B-076	VA	Legal Aspects of Recycling Municipal Wastewater on Land	40,000	10/82
B-095	VA	Evaluation and Analysis of Public Policy Options Affecting Rural Water Supply in the Southeastern States	35,000	12/82
B-120	VA	An Engineering Evaluation of Water Quality Problems in Distribution Systems within the Commonwealth of VA	41,000	12/82
B-123	VA	Implementation of Improved Water Allocation and Management Systems in the South Atlantic and Gulf States	80,000	12/82
B-084	WA	High Rate Anaerobic Treatment of Evaporator Condensates from Spent Pulping Liquors (Pilot Stage)	76,000	06/83
B-042	WYO	An Evaluation of Fisherman Benefits Stemming from Special Use Fishery Management Programs	38,000	12/82

Office of Water Research and Technology
Saline Water Conversion Development
Ongoing Projects to be Completed after 09/82

No.	Performer	Title		Scheduled Completion
0478	Instrument Control Services	Fabricate and Install Portion of Eutectic Pilot Plant at Roswell Test Facility	648,000	11/82
0508	Bend Research	Continued Development of Inside-Skinned Composite Hollow Fiber	525,000	04/83
0501	Dow Chemical	Development of the Quartum Module (Large module up to 240,000 gpd)	933,000	04/84
9530	N.C. State	Engineering Support for Wrightsville Beach Test Facility	638,000	09/82
1456	Chicago Bridge	Start-Up of 6,000 GPD Indirect Freezing Freezing Pilot Plant	770,000	09/82
9405	RCA Service Co.	Operation and Maintenance of Wrightsville Beach Test Facility	2,334,000	09/82
7525	Ionics	Design, Construct and Field Test 50K GPD High Temperator ED for Seawater	1,300,000	09/82
0502	Membrane Systems	Thin Film Composite Membrane Development	810,000	06/83
8554	Polymetrics	Field Evaluation of an Energy Recovery Device with RO	325,000	06/83
8515	Planning Research Corporation	Operation and Maintenance of Roswell Test	1,260,000	09/82
1407	FilmTec	Develop Low Pressure Plate and Frame RO Unit	85,000	11/82
1487	Biphase Energy Systemss	Develop Turbine for RO Desalination	279,,000	09/82

Office of Water Research and Technology
Saline Water Conversion Development
Ongoing Projects to be Completed after 09/82

No.	Performer	Title	$	Scheduled Completion
1486	Bechtel	Parametric Study Seawater RO	164,000	
1481	UOP	R&D on Spiral wound TFC Membrane Systems	866,000	10/83
0445	Romicon	Development of Low Pressure Hollow Fiber Membrane	397,000	06/83
0470	UCLA	Effect of Feedwater Pretreatment Chemicals on the	87,000	09/82

ADMINISTRATION OF ONGOING WORK

How does the Department intend to administer these projects or contracts until they are terminated? They run through 1984.

Mr. COBB. Our plan, Mr. Chairman, is that OWRT would obligate our program through the current year. The staff would be reduced at the end of the current year, to something on the order of 10 people, who will cover the Water Resources Scientific Information Center and who can cover monitoring of those remaining projects.

Senator MCCLURE. Now, if they're all transferred to USGS, how are you going to keep 10 people where they are? I understood Mr. Carruthers to say the staff was going to be transferred to USGS.

Mr. COBB. The Water Resources Scientific Information Center would be transferred with five positions.

Senator MCCLURE. With five positions?

Mr. COBB. Five positions; yes, sir.

Senator MCCLURE. And then the 10 people you're referring to, what about—are those the same five?

Mr. COBB. Five would remain.

Senator MCCLURE. Where would they remain?

Mr. COBB. Mr. Chairman, I defer to the Assistant Secretary.

Mr. CARRUTHERS. It will be my recommendation to the Secretary that the institute program—what remains of the institute program during the remainder of 1982, and for this monitoring process, be transferred to the new Office of Water Policy, as a division of that Office, the reason being that the Office of Water Policy has a relationship to the States and in the generation of information for policy formation in the Department of the Interior.

Senator MCCLURE. Well, then if I understand you correctly, you believe that the administration of these projects, and the contract and project oversight that is necessary, can be handled by five people?

Mr. CARRUTHERS. Yes, sir.

Senator MCCLURE. Five people will handle all the scientific programs that will be transferred to USGS?

Mr. COBB. Yes.

STAFFING

Senator MCCLURE. What has been your work level in these areas at the present time? How much in contract administration now?

Mr. COBB. In contract administration we have had a staff of about five.

Senator MCCLURE. About five? That's all you have at the current time?

Mr. COBB. Just a minute, Mr. Chairman.

Mr. Chairman, as you may know, we issued a general RIF notice, and we have issued a specific RIF notice which is effective the 26th. For the administration of contracts we have had five staff persons prior to the reduction in force.

Senator MCCLURE. And is that true of the Water Resources Scientific Information Center?

Mr. COBB. No; the Water Resources Scientific Information Center has had seven or eight positions allocated to it over the last 2 or 3 years. They would have five positions remaining after the reduction in force.

Senator MCCLURE. Well, is 12 people the current level? How many did you have in these programs a year ago?

Mr. COBB. Mr. Chairman, a year ago we had on board a staffing of 69 full-time permanent employees in our domestic program and 10 temporary employees.

Senator MCCLURE. So you have gone from 69 to 7?

Mr. COBB. We have gone from——

Senator MCCLURE. To 12; excuse me.

Mr. COBB. No, Mr. Chairman; from 69 to 50 on board prior to the reduction in force.

After the reduction in force, Mr. Chairman, we will have 23 full-time permanent positions filled and 4 or 5 temporary positions filled.

Senator MCCLURE. Well, now, I'm trying to relate it to the two programs you just talked about, one of which you say will be administered by five, which is what you have now. The other will be administered by seven, which is what you have now. How does that relate to the figures you just gave me of 23—50 of 69?

Mr. COBB. Yes, Mr. Chairman, I understand it's quite confusing. The staffing table for the Office of Water Research and Technology in the past has provided staffing for an independent organization within the Department so that we have had overhead staff, we have had a full complement of administrative support for contracting staff as well as technical staff in the various program areas.

Because we had growing programs funded at significant levels we did have on board the number of staff that I have indicated. As funding has decreased in fiscal year 1982, and the amount of new work has decreased, the workload is shifting away from program management and development to program monitoring. This type of activity requires less intensity of staffing than if you have a developing program with new initiatives and new projects being considered.

Our staffing has decreased through attrition, as I have indicated. The reduction in force, as we have presently implemented it, is intended, Mr. Chairman, to aline the staff remaining with the workload that we have. We made a very careful analysis of that to stay within the budgetary constraints available to us in fiscal year 1982.

CHANGES IN STAFF LEVELS

Senator MCCLURE. I understand the philosophy, and I understand the direction. I'm just trying to get the numbers right now. You say five in one, seven in the other, but then when I ask you where you are, and how you got to that level, you gave me a figure of 69 at the beginning and the reduction to the level of 23. Now that means there's 11 unaccounted for or my mathematics isn't adequate.

Mr. CARRUTHERS. Mr. Chairman, there are several other divisions of the Office of Water Research and Technology. Currently we have authority from the Department to have 23 permanent positions in all of

OWRT. We can have up to eight temporary positions. We have about four or five which Gary identified, so we are looking at 27 or 28 people currently employed in the Office of Water Research and Technology. Four or five of those people would be transferred to the Office of Water Policy to monitor the institute program alone.

Senator McClure. Just a minute. If I can, maybe I can help you get me what I want to get out of these figures. Do I understand that there are 27 people now doing what you say 12 will be doing?

Mr. Carruthers. No, sir, not in 1982. In 1982, there will be 27 or 28 people, depending on how many temporary people we keep on. In 1982, there will be staff in OWRT of 27 to 28. In 1983, to monitor beyond the research contracts we indicated will terminate after 1983 and 1984, there will be a lesser staff.

Senator McClure. Twelve?

Mr. Carruthers. There will be five in the Water Resources Scientific Information Center which we would think that we could merge with the U.S. Geological Survey. It would take time to do that, perhaps in 1982, to make the merger of the systems, but we would not anticipate having to carry that forever in terms of getting that job done. But you would expect some efficiency from that merged system. So in 1982 for all of OWRT, we start with 27 to 28, and in 1983, we may have to take up some of the monitoring.

Senator McClure. Well, as I understand—I'm having trouble. You told me a moment ago that these two programs would have five people doing one and seven doing the other, and everything else would be abolished. Now there are 27 doing it now. If you go to 12, that means you reduce 15, doesn't it?

Mr. Carruthers. OK. We manage to confuse each other.

Senator McClure. Either that or you're trying to hide some activities somewhere else.

Mr. Carruthers. No, sir, that's not the plan.

Senator McClure. What is the plan?

Mr. Carruthers. If we're talking about 1982, we're talking about 27, 28 people.

Senator McClure. That's right. That's what I understand. You have 27 and 28, and you plan to have 12 next year.

ASSIGNMENT OF STAFF

Mr. Carruthers. In 1982, there are three people in the Office of the Director, five in foreign activities, three people in technology and technical information transfer, three people in the Water Resources Scientific Information Center, five people in research, five in technology development and five in the Office of Administrative Management.

Senator McClure. And how much is that total?

Mr. Carruthers. That should total, hopefully, around—29. That includes temporary, as well.

Senator McClure. All right. Then a moment ago I asked you where these programs were going, and you said there would be two left, and those would be handled by five in one area and seven in the other. Five and seven is 12.

Mr. COBB. Mr. Chairman, I think I see where the confusion is now. One program that would continue is the Water Resources Scientific Information Center. In that program would be five positions.

Senator McCLURE. Right.

Mr. COBB. The other program that is to be continued is the reimbursable program in Israel and Saudi Arabia concerned with desalinization support in those countries. Those positions are outside of our domestic program ceiling. Those are reimbursable positions that are provided to us by AID and by the Department of the Treasury.

Senator McCLURE. How many involved in that?

Mr. COBB. We presently have 11 positions allocated to the Israeli and Saudi Arabian program outside of the domestic program.

Senator McCLURE. That's really amazing. We have more people doing monitoring of two programs outside this country than we do monitoring all the programs inside this country; is that correct?

Mr. COBB. It's not monitoring the other programs. In the international programs we actually have technical staff based in Israel and Saudi Arabia that are carrying out those programs.

Senator McCLURE. We won't place any technical staff at any of the projects in the United States?

Mr. COBB. My estimate is that it would require five technical staff or five staff members to monitor all the OWRT domestic projects that will be outstanding at the end of the current fiscal year, apart from the Water Resources Scientific Information Center.

Senator McCLURE. Well, I think I understand what you're doing. If I understand correctly, then you will have the additional personnel above the 12 that remain active this year, being absorbed into those two saline water projects or the projects in two countries.

Mr. COBB. There will be separate positions for those programs.

Senator McCLURE. Now are those separate and above the 27 or 28 that are there now?

Mr. COBB. Yes.

REDUCTION IN STAFF

Senator McCLURE. That still doesn't help me, does it? What happened to the other 15 or 16 people?

Mr. COBB. We have had a reduction in staff over the year.

Senator McCLURE. From 69 down to 28. I understand that.

Mr. COBB. Down to 50, due to attrition.

Senator McCLURE. Right. Do you intend to eliminate those other positions?

Mr. COBB. Yes.

Mr. CARRUTHERS. Mr. Chairman, would you like to know what we're going to do in 1982 with the Office of——

Senator McCLURE. For the 1983 budget.

Mr. CARRUTHERS. 1983. We would anticipate the WRSIC program can be merged during the latter part of 1982 with the USGS program. I would make that recommendation to the Secretary. We have not asked additional funds for that purpose. The major water information in

Government belongs to the U.S. Geological Survey, and we would expect them to be able to absorb that. They have not agreed to that. The international program would be transferred to the Bureau of Reclamation, because it's a development program, and we would anticipate the Bureau of Reclamation will continue that on a reimbursable basis in 1983. Beyond those, we are asking zero funding. The monitoring and research programs involving the institutes will be done by the Office of Water Policy in the Office of the Secretary of Interior.

Senator McCLURE. Can I try it a different way? My staff has had more experience in the administrative agencies than I have. It may be helpful to me—would it be correct to say that those people that are associated with overhead, with management, aside from people assigned to the program directly, that you're carrying now, would be eliminated?

Mr. CARRUTHERS. That's our request.

Senator McCLURE. Gosh, that's easy. Why didn't you say so? I have been trying for the last 10 minutes to find out who it was you were eliminating.

Mr. CARRUTHERS. That's our request, Mr. Chairman. I'm sorry.

Senator McCLURE. You have the Office of the Director, and Technology Transfer, and Research, and the Technical Division, Administrative Management positions, those people will be reduced. We will simply ask others within that area to absorb the remaining work; is that correct?

Mr. CARRUTHERS. Yes; those programs which will exist in terms of monitoring, particularly the institute program, will be turned over to the Office of Water Policy and will continue.

Senator McCLURE. And you won't have any more people there?

Mr. CARRUTHERS. No.

Senator McCLURE. You'll just transfer some additional functions?

Mr. CARRUTHERS. Yes, sir, as well as the WRSIC program, if the USGS will agree to it.

Senator McCLURE. And so that the monitoring and the oversight management within these offices will be absorbed by the existing personnel?

Mr. CARRUTHERS. Yes, sir.

Senator McCLURE. So the people that have been assigned in these areas, the ones you gave—three in the Office of Director, three in Technology Transfer, five in Research, five in the Technical Division and five in the Administrative Management, those positions will be eliminated?

Mr. CARRUTHERS. The positions will be eliminated in the 1983 budget, and the personnel will be absorbed as much as possible, probably in the Office of Water Policy or in the Bureau of Reclamation.

WATER INSTITUTES

Senator McCLURE. There's one interesting part of your background shown in your biography, and I would just like to mention it—I don't mean to be embarrassing to you at all, but at one time, as you recall, you were director of the institute in New Mexico.

Mr. CARRUTHERS. That's correct.

Senator McCLURE. And funding for the institute program is being eliminated. Does that come from your background and indicate that it was a waste of money?

Mr. CARRUTHERS. Well, first, I'm not embarrassed about being a director of the water institute program. I thought the New Mexico program was an excellent water institute program. I was very proud of it, and it was an effective instrument, but I will tell you, Mr. Chairman, that the institute program as currently designed is not working.

Senator McCLURE. Is it designed differently now than when you were there?

Mr. CARRUTHERS. No, sir. Our problem is that we have 8, 10, 15—depending upon your criteria—very effective institutes, good water resources research institutes that are contributing significantly to the resolution of water problems. Then we have a series of water institutes that have potential, perhaps another 20 or 30, if properly stimulated and have the proper incentives. And then we have a series that are just accepting $110,000, $115,000 from the Federal Government and maintaining people interested in water resources but not being very productive.

Senator McCLURE. Maybe we ought to identify the 10 or 15 that are good and keep the money for them and forget the rest.

Mr. CARRUTHERS. In our report to the Congress, Mr. Chairman, we proposed in response to a question addressed by the conference committee that if there is a Federal role in water research institutes, that costs should be shared equally by the States, and if we just become serious about water resources research—serious in terms of funds—and we recommended that if, in fact, any changes are to be made, the Federal Government would appropriate $250,000, and the States would have to match it dollar for dollar. The administrative costs of the institute would be above that, and that would indicate to us the State is serious about water research and is making the kind of commitment to have an ongoing program.

We have those kinds of institutes today, and we believe that there ought to be more. Given economic recovery, we would be more than interested to entertain that recommendation.

Senator McCLURE. I will submit some further questions along that line, because I am interested in knowing how we might do it. I'm also interested in some of the problems that would be associated with that, and I will submit those questions for the record.

Mr. CARRUTHERS. Mr. Chairman, I would be more than pleased to personally respond to those, because of my experience in the institute program, and I do have biases and recommendations.

WATER SUPPLY PROBLEMS

Senator McClure. I have some biases too, coming from an arid State, as did you, and there are some unsolved problems out there. But I think we sometimes also forget the fact that water is a natural resource that is equally finite. It is renewable. That is, it rains and snows every year regardless of whether the Government manages it or not, as some people think, because it is renewable. Therefore, it is not a resource that needs to be managed with as much care as the depletable resources. But I am impressed by the logic that appears in some of the commercial ads around the country, that there are substitutes for petroleum, but no substitute for water, which is a matter of fact. And that's a fact in 50 States. Perhaps Alaska is a little different in some regards, but certainly in the 49, including Hawaii, there are severe population pressures on that resource base, and those problems haven't all been solved.

I'm not so certain that they are going to be solved on simply a State-by-State basis. If you take the Northeastern United States, the industrialized area from the Great Lakes eastward across the Northern United States, there are massive water problems, and they're not going to be resolved within the boundaries of one State.

We can look at the questions of regional compacts or interstate compacts as a way of getting some of those problems resolved, but my experience has been that there isn't the mechanism by which there is any leadership exerted for the resolution of those problems, except in the midst of a crisis.

You don't have to look back very far before you see periods of time in your city when, if you wanted water at a restaurant, you would have to ask for it or they're not going to serve it to you, because they're short. There were periods of time not many years ago when the prediction was that the Great Lakes were going to dry up and the Chicago River would reverse. It was not very far back that we began to worry about the water supply in Washington, D.C., and talk about further impoundments upstream 2 years ago. You had problems in northern Virginia. They're just a few examples, and yet while the northern Virginia problems may be solved simply by the State of Virginia, the problems in the Potomac are a good example of an interstate stream. It affects several States in different ways, and I can see the mechanism by which the affected States coordinate their activities just on the Potomac River is one very small, very simple example. And it seems to me we need some kind of coordinated mechanism somewhere.

FEDERAL ROLE IN RESOLVING WATER PROBLEMS

Mr. Carruthers. Mr. Chairman, we share those concerns in the Department of the Interior, and we do have five agencies that are concerned with water resources in one way or another. Coming from the West, I am well aware of contract arrangements and multistate planning.

Our response has been to establish an Office of Water Policy that focuses on State liaison; the development of some sense of national policy as a result of contacting the States and working at the Federal level; and coming up with a proper Federal role for a number of these things, including research. Research is only one of a number of activities that the Federal Government is involved in that are going to help us resolve these problems.

As a westerner, I know it's rather unusual, but I share the sense that the next great water problems will be in the East, and we think the Department of the Interior will have a role to play, and we want you to understand what our response will be, so our Office of Water Policy was set up by the Secretary to begin to get a fix on those questions you asked.

We don't have the solutions right now, but we are trying to work on them.

Senator McCLURE. Well, I appreciate that. We will be monitoring it, because Congress has to make a decision with respect to the administration's proposals in both respects.

SALINE WATER DEVELOPMENT FACILITIES

Reference has been made to a saline water program, and as I understand it, the administration has suggested, and believes, that industry is now in a position to assume the program for research and development in water reuse and saline water.

You have provided some money, or propose to provide some money for the highest priority projects under way, to provide for support for Government facilities at Roswell, N. Mex. and Wrightsville Beach, N.C., until they can be dismantled or turned over to industry, or industry-university teams for further use. Is that correct?

Mr. CARRUTHERS. Yes, sir.

Senator McCLURE. What do you anticipate with respect for the latter? Do you expect they will be taken over by someone else or do you expect they will be dismantled?

Mr. CARRUTHERS. Mr. Chairman, it's our aspiration that they continue in the use for which they were designed, and that is for desalting development and evaluation.

What we will do is go out for a comment period, and solicitation, and see if we can get additional interest. But we have had some institutions and collections of institutions indicate to us that they would like to entertain the notion of managing those facilities. The question of continuous budgetary support has also come up in those conversations, and we are reluctant to commit financial resources; however, we are most anxious to generate memorandums of understanding with appropriate institutions or coalitions.

Senator McCLURE. Do you think you will get the kind of information you will need by informal solicitation, or do you believe that it would be better to proceed with formal solicitation of bids?

Mr. CARRUTHERS. Formal solicitation is the direction we will go, sir.

Senator McClure. All right.

DESALTING TECHNOLOGY

Last year the committee received testimony on certain areas in water treatment such as membrane technology for brackish water. Although the United States is clearly the world's leader in that, we keep waiting for the private sector to pick it up and put it into commercialization.

Has any progress been made in the last year?

Mr. Carruthers. Mr. Chairman, I can't give you any statistics. I'm aware that from recent evidence, there are over 400 or 500 plants in operation using various kinds of desalting technologies in the United States; over 1,500 worldwide. We have sold some of that technology on the world market. There are firms that specialize just in the development of membranes and the membrane process. Some of them are quite large firms. The fact that they're on the market and people are buying them—I understand now that you can purchase one for your home. If you have a modest problem, there are portable units available to you.

It strikes us that the private sector has now taken the technology and moved into the market, and it is a profitable enterprise. We should take some credit for having invested public dollars in that it is ripe for the private sector to take over and move on, and for us to move on to other research areas and development areas in water resources on other subjects.

Senator McClure. Do you have any idea how large that industry is in terms of sales?

Mr. Carruthers. I don't, Mr. Chairman. I would be pleased to report that for the record.

Senator McClure. If you would, please.

[The information follows:]

Size of U.S. Desalting Industry

The sales data of the American desalting industry is difficult to assess with exact figures. However, professional estimates, based on number of plants constructed and operating worldwide, would put U.S. sales at approximately $660 million annually. This represents about one-third of the world market of $1,920 million. It includes capital costs, operation and maintenance, and replacement of parts.

It is important to note that the U.S. industry dominates the market in reverse osmosis membranes and other highly developed technology.

INDUSTRY RESPONSE TO TERMINATION OF OWRT

Senator McClure. In your recent communications with major firms which have been involved in this area—not just in membrane technology, but in desalinizations or treatment of brackish water, or industrial water, all of which are related fields; what's been their reaction to the termination of OWRT?

Mr. Carruthers. Less than agreeable.

Senator McClure. Are they still generating some cash flow from the Federal Government, or are they just depending on the Federal Government for research? What is their interest in the continuation?

Mr. CARRUTHERS. Well, the letters I receive have addressed the question of continuing their participation, their support for this activity. I cannot recall all the comments that were made, but some of these smaller firms believe, according to their correspondence, that the new technology cannot be developed by themselves, that we need a larger institution working on this research.

However, I believe Du Pont is a major researcher and manufacturer of membranes, and I would suggest they can manage a pretty healthy research program. All the great discoveries in this country—a good share of the great discoveries—have been made by small firms who just had a better idea, and not necessarily by the Federal Government or the Du Ponts.

So we believe it is ready for the private sector; it's already there.

ADVANCES IN DESALTING TECHNOLOGY

Senator McCLURE. Well, I hope you're right. I don't necessarily disagree. I think we have in recent years, in the saline water field, produced measurable quantifiable changes in applied technology. I'm not even sure that we have identified those which ought to be put aside and not tried further.

If I look at the activities over the last, say 5 or 6 years, it seems to me we have only replicated what was done before. Would that be your judgment?

Mr. CARRUTHERS. Yes, sir, to a degree. And I would also call to your attention that the Bureau of Reclamation currently, by treaty obligation with Mexico, is developing a desalting plant on the Colorado River which would give us a future opportunity, it seems to me, in Government to evaluate other technologies as they come along.

We will have a major installation operated by the Bureau of Reclamation where future considerations may be evaluated. I think that the Federal Government has made a strong commitment to desalting and reuse over a number of years, going back into the 1960's, and it has been a very successful commitment, and we need to move on to other areas where we can be equally successful.

REORGANIZATION OF WATER RESEARCH INSITUTES PROGRAM

Senator McCLURE. In the 1982 conference report, in the statement of the managers, the following language appeared with respect to the institutes:

> . . . that the Department should undertake a serious review of the number of water research institutes, and expect the Department to submit a comprehensive plan for institute reorganization no later than February 15, 1982. A lesser number of strong, regional institutes appears to be preferable to the State-based, diffuse effort now in existence.

I think you indicated a moment ago that you tend to agree with that statement, but in spite of that it seems to me that your plan submitted to the committee last week is not really a comprehensive plan. It is basically a one-page document; it mentions some rather obvious features which I will not detail now. It does not specifically address the reorganization options and considerations, other than to say that while the regional arrangements are authorized, none have developed, and it is unlikely that State matching funds will flow across State lines to support regional institutes.

In essence, what you have done is jump over the reorganization plan, or the direction which we suggested in the conference report last year and concluded that for the time being, at least, there would be no institutes or no support for institutes.

Is that correct?

Mr. CARRUTHERS. That is our position in 1983, Mr. Chairman.

Senator McCLURE. Couldn't the substitute system be reorganized along the currently existing institute-regional lines in a way that would be acceptable to the States?

Mr. CARRUTHERS. Mr. Chairman, the proposal that we gave the conference was, in effect, an attempt to make the States—or ask the States to make a serious commitment to water resources research. We believe that we share the responsibility for water resources between the Federal and the State Governments.

Our problem with the water institute program in the past has been that only a few of the institutes—perhaps up to 20 or 25—have had a serious commitment on the part of the States to the institute program. Some of them, in my experience over years, have just not been effective.

The proposal we submitted in response to the conference question is to try to reflect the partnership that exists in water resources research, and to also get a stronger commitment on the part of the States.

If you look at that proposal carefully, we are looking for State leadership; we are looking for the States to step forward and say water research is in fact important in the resources that I allocate and manage as a State. The Federal Government should never allocate and manage it. The managers should step forward and say: "We want to make the commitment, and we think the Federal Government ought to respond to that because they share our interest in that resource."

So philosophically we believe the States must assume a leadership role here, and some States have—a large number of States—have aggressive research programs.

Senator McCLURE. I understand that. But is there any other measurement technique that can be used other than the basis of how much non-Federal funds are involved?

You may be measuring commitment, you may be measuring financial capacity, and they may be different things.

Mr. CARRUTHERS. Yes; your point is well-taken, Mr. Chairman, because some States obviously don't have the water problems that New Mexico has and have to invest a lot of money in water resources research because of lack of water.

Other States are not in that position; other States do not have the wherewithal of Idaho, to afford to invest in water resources research. Perhaps that has not been accommodated in the proposal. We are trying to set a floor of commitment, but there are a number of States that commit far greater resources. I think Colorado recently passed an authorization in the legislature to continue to support the water resources institute even if the Federal Government did not. That's the kind of commitment that we want.

Senator McCLURE. Does the Department of the Interior have authority to continue its grant programs to the State institutes through any other mechanism than OWRT?

Mr. CARRUTHERS. Yes, sir. I believe that we can make contracts with institutes or other institutions through the Office of Water Policy programs.

Senator McCLURE. If the Congress should decide we want to have some support for the State institutes, the mechanisms are there to continue it even though OWRT might be abolished?

Mr. CARRUTHERS. My counsel over here tells me we probably would need authorization to continue the institute program under any organization at the Department of the Interior. I would suspect that's true.

Senator McCLURE. All right. I think we would like to continue this dialog about the future of the institute program after you have developed some additional options for discussion. Both the criteria by which we might make selections or awards, the means by which we might make up appropriate support for the institutes, if that's what Congress should ultimately decide.

Would you provide for the committee a listing of options that we might apply there, incorporating geographical features, financial features, as well as other features as you see fit for both the selection process and a method by which you might administer it, if we should make that determination?

Mr. CARRUTHERS. I would, Mr. Chairman, be pleased to work with the committee on that.

ADDITIONAL COMMITEE QUESTIONS

Senator McCLURE. There will be some other questions to be submitted for the record.

I appreciate your testimony this morning and look forward to working with you as we try to develop the programs and make the judgments that are necessary.

Mr. CARRUTHERS. Thank you, Mr. Chairman.

[The following questions were not asked at the hearing but were submitted to the Department for response subsequent to the hearing:]

ADDITIONAL COMMITTEE QUESTIONS

Water Resources Research and Development Funding

Question: What other federal research effort is underway?

Answer: In a report prepared by the Water Resources Research Review Committee (WRRRC) of the National Academy of Sciences in 1981, a review was made of all federally supported research, development, demonstration, and technology transfer related to water resources. The table below represents the expenditure for FY 1981. It should be noted that the WRRRC stated:

> While the table indicates a total national effort of $380.7 million for water resources research, development, demonstration, and technology transfer, the Committee believes that only a portion of this total consists of activities the Committee would classify as research. In addition to the development, demonstration, and technology transfer programs, substantial programs that provide service and assessments of conditions or problems in specific localities seems to be included. The exact magnitude of these nonresearch programs is difficult to determine from the generalized narrative in the draft report, but the Committee believes that the research program is about half of the total.

TABLE 1. National funding of water resources research, development, demonstration, and technology transfer, classifed by WRRRC research categories, FY 1981 (in millions of dollars[a]).

Departments (agencies and programs where available)	WRRRC Categories I	II	III	IV	V	VI	Total
Agriculture							
Economics and Statistics	—	—	—	—	1.1	—	1.1
Forest Service	0.5	0.5	0.3	7.0	—	0.5	8.8
SEA Agricultural Research	3.4	1.0	5.8	26.6	—	—	36.8
SEA Cooperative Research	—	1.5	2.3	0.7	0.1	0.1	4.7
SEA Extension	—	0.3	1.7	0.4	—	—	2.4
Total	3.9	3.3	10.1	34.7	1.2	0.6	53.8
Commerce-NOAA							
NWS Hydrologic Programs	1.5	—	—	0.4	—	—	1.9
NWS Precipitation Forecasting	0.8	—	—	0.2	—	—	1.0
NWS Systems Development	—	—	—	0.4	—	—	0.4
ERL Meterological	0.2	—	—	—	—	—	0.2
ERL Weather Modification	0.2	—	—	0.1	—	—	0.3
RD Weather Modification	1.1	—	—	1.1	—	—	2.2
ERL Marine Environment	0.2	1.0	—	—	—	—	1.2
ERL Wave Propagation	2.1	—	—	0.1	—	—	2.2
ERL Air Resources	0.2	—	—	—	—	—	0.2
ERL Fluid Dynamics	0.3	—	—	—	—	—	0.3
RD Great Lakes Environmental Laboratory	1.1	2.5	—	—	—	—	3.6
RD Sea Grant Program	—	4.6	0.9	0.5	0.8	—	6.8
CZ Coastal Zone Management	—	0.1	1.6	1.6	0.2	—	3.5
F Fisheries/Habitat	—	6.4	1.6	—	—	—	8.0
EDIS Environmental Assessment	0.1	—	—	0.1	—	—	0.2
EDIS Geo-Solar Data	—	—	—	0.6	—	—	0.6
NESS Office of Research	0.2	—	—	—	—	—	0.2
NOAA Remote Sensing	1.6	1.5	—	—	—	—	3.1
Total	9.6	16.1	4.1	5.1	1.0	—	35.9
Energy							
Energy Sciences	1.7	—	—	—	—	—	1.7
Power Marketing	—	—	—	—	—	—	—
Geothermal	8.1	—	—	—	—	8.4	16.5
Nuclear	1.3	0.1	0.1	4.7	—	0.1	6.3
Health/Environment	—	0.9	1.0	—	—	—	1.9
Small Hydroelectric	—	0.4	—	0.4	—	—	0.8
Environmental Compliance	—	—	1.3	1.6	—	1.8	4.7
Environmental Analysis	—	—	0.2	0.3	0.3	0.7	1.5
Conservation and Solar	—	—	—	—	—	1.0	1.0
Energy Regulatory Commission	—	—	—	0.2	—	0.3	0.5
Other	—	2.1	1.4	—	—	—	3.5
Total	11.1	3.5	4.0	7.2	0.3	12.3	38.4
Health and Human Services							
Food and Drug Administration	—	—	0.4	—	—	—	0.4
Cancer Institute	—	—	2.8	—	—	—	2.8
Eye Institute	—	—	1.2	—	—	—	1.2
Allergy and Infectious Disease	—	—	3.2	—	—	—	3.2
Environmental Health	—	—	1.6	—	—	—	1.6
Toxicology	—	—	2.5	—	—	—	2.5
Total			11.7				11.7

Departments (agencies and programs where available)	WRRRC Categories						
	I	II	III	IV	V	VI	Total
Interior							
Land Management	—	—	—	0.8	—	—	0.8
Mines	—	2.0	—	—	—	—	2.0
Surface Mining	0.3	0.3	—	0.2	—	—	0.8
Research and Technology	1.8	1.7	5.2	13.8	2.9	8.3	33.7
Fish and Wildlife	—	2.5	4.7	10.3	—	—	17.5
Geological Survey	11.3	17.1	—	—	0.5	—	28.9
Water and Power	7.9	0.3	0.3	0.4	0.3	3.7	12.9
Total	21.3	23.9	10.2	25.5	3.7	12.0	96.6
Transportation							
Coast Guard	0.1	0.4	3.2	—	—	—	3.7
Highway Administration	0.7	0.5	—	—	—	—	1.2
St. Lawrence Seaway	0.1	—	—	0.4	—	—	0.5
Total	0.9	0.9	3.2	0.4			5.4
Environmental Protection							
Municipal Waste Water	—	—	21.4	—	—	—	21.4
Industrial Waste Water	—	—	16.3	—	—	—	16.3
Water Quality	—	—	26.0	—	—	—	26.0
Drinking Water	—	—	28.7	—	—	—	28.7
Total			92.4				92.4
NASA	1.7	0.2	1.0	1.7	—	—	4.6
NSF	2.1	1.4	1.1	—	—	—	4.6
TVA	0.3	1.2	2.2	1.5	0.2	—	5.4
U.S. Army Corps of Engineers							
Materials	—	—	—	3.3	—	—	3.3
Coastal Engineering	2.9	—	—	4.8	—	—	7.7
Floods and Navigation	0.2	—	—	4.8	—	—	5.0
Environmental Quality	—	3.5	0.3	—	—	—	3.8
Planning	1.0	—	—	1.4	0.8	—	3.2
Satellite Application	—	—	—	0.9	—	—	0.9
Aquatic Plant Control	—	—	—	1.4	—	—	1.4
Fisheries Protection	—	1.5	—	—	—	—	1.5
Environmental Studies	—	4.8	—	0.1	—	—	4.9
Stream Bank Erosion	—	—	—	0.2	—	—	0.2
Total	4.1	9.8	0.3	16.9	0.8		31.9
Total for all programs	55.0	60.3	140.3	93.0	7.2	24.9	380.7

[a] Data have been rounded to nearest 100,000 with adjustment to conform to agency totals.

SOURCE: Compiled from the five-year program report.

OWRT Personnel Table

Question: Can you summarize your current employment situation and provide a table for the record of staff prior to the reduction in force, after the reduction in force and remaining staff needed to handle the monitoring or other work after the end of Fiscal Year 1982?

Answer:

OWRT EMPLOYMENT SITUATION

Activity	As of 2/25/82 (Prior to RIF)	Current FTE 3/1/82(After RIF)	1983
Office of Director	6	3	-
Foreign Activities (Reimbursable)	(5)	(5)	(11) 1/
Water Resources Research	9	5	3 1/ and/or 2/
Technology Development	9	5	3 1/
Technology and Information Transfer	4	1	-
WRSIC	7	4	5 1/ or 3/
Administration	7	-	-
Contracts & Grants	6	5	4 1/ and/or 2/
Permanent	48	23	15
Reimbursable	(5)	(5)	(11)
Temporaries	-	5	-
Total	53	33	26

1/ Bureau of Reclamation

2/ Office of Water Policy

3/ USGS

Test Facilities in Roswell, NM, and Wrightsville Beach, NC

Question: What is the planned schedule of steps to be taken to dispose of the test facilities at Roswell, New Mexico, and Wrightsville Beach, North Carolina?

Answer:

1. Formal solicitation of interest, following Congressional agreement.
2. Select proposal with greatest opportunity of continued use of test facility without Federal support.
3. Possible cooperative agreement as an interim step before turnover.
4. If no viable proposal, declare facility excess for disposal by GSA.

Question: If Congress agrees on a plan to facilitate further use of the test facilities for their intended purposes, how long will it take to put that plan in operation? Will funds be needed in FY 1983?

Answer: Following agreement on the transfer of the facilities to the private sector, it will take approximately 1 year to complete the transfer. Funds would be needed in FY 1983 for two full time personnel to carry out the transfer. Approximately $200,000 would be required to maintain the facilities in a "caretaker" status until transfer is completed.

Question: If you are unable to develop a viable proposal to continue the use of the facility for its intended purposes, how long will it take to act on the other option, which is to declare the property surplus and dispose of it? Will you need funds in 1983 to do so?

Answer: If the two test facilities are not to be transferred to the private sector, they will be disposed of through the General Services Administration. This will take approximately 18 months. The funds necessary to maintain "caretaker" status will be proposed for reprogramming out of carryover funds in FY 1983 ($200,000). We would propose that funds which would otherwise lapse at the end of FY 1983 be reappropriated for caretaker services in 1984 ($100,000).

Water Resources Research Areas Commercially Viable

Question: In your judgment, which water resources research areas do not yet have a commercial nature or commercially viable base of information?

Answer: There are several areas of desalting technology that are not yet viable commercially viable. They include:

- freezing development
- large scaled-up reverse osmosis to effect savings in capital and operating costs for large plants
- reverse osmosis membranes with improved chlorine resistance
- full development of high temperature electrodialysis for both sea water and other high temperature desalting applications
- certain aspects of water reuse and the utilization of brackish water also requires further research for commercial viability.

Current sales of existing desalting technology and increasing demands for water will provide impetus to continue research into these areas in the private sector both to improve current products and develop new ones to respond to a growing market. It is the firm policy of this Administration that this is the best way to further research in these areas.

Report to Congress on Reduction of Number of Water Research Institutes

Question: The plan submitted to the Committee mentions some financing features that could be adopted in a reorganized system. How much Federal funding would go to each Institute in this instance and what would be the total Federal cost anticipated? What is different about these potential financing arrangements from the current arrangements?

Answer: In the plan suggested, the maximum amount of Federal support would be $250,000 which would be matched by the Institute on a one-to-one basis. The estimated number of Institutes which would participate in this kind of program is 10 to 20, resulting in a total Federal cost of $2.5 to $5.0 million. Administrative and non-research costs would not be part of this funding pool of $500,000 for each Institute.

The current financing arrangement provides an equal allotment to each of 54 Institutes, with a required match of 1 non-Federal dollar for each two Federal dollars. All costs, including administration of the program, may be covered by these funds. The F.Y. 1982 appropriation is $5,961,000.

Question: Does reducing the number of institutes to 10 primarily on the basis of the amount of non-Federal funds they can solicit constitute the best technique for reorganizing the institute system?

Answer: This is not necessarily the best technique, but is one option which would result in a lesser number of stronger institutes.

Question: Did USDI contact any of the State Institute Directors while developing its plan? What comments or suggestions did they make? What other public involvement has there been in developing the plan?

Answer: Yes, staff members worked closely with representatives of the National Association of Institute Directors, soliciting their comments and suggestions. Their suggestions are covered in the testimony of Dr. Ernie Smerdon of NASULGC on March 3, before this Committee.

Saline Water Research and Development Funds FY 1982

Question: According to the desalination facility transfer plan, the Department has $4.7 million in 1982 for saline water research and development. About $3.5 million of that is available for saline water development, including about $1.5 million needed for the Roswell and Wrightsville Beach Facilities. Can you provide a list of other development projects to be funded with the remaining $2.0 million?

Answer:

Contractor	Program	Est. Government Cost ($)
Chicago Bridge & Iron	Start-up and evaluate 6Kgpd indirect freezing pilot plant	150 K cost shared
Instrument Control Serv.	Fabricate and install portion of eutectic pilot plant	168 K
Dow Chemical	Development of the 240,000 gpd quartum module (hollow fiber)	200 K cost shared
Dow Chemical	Six month field evaluation at contractor's site of the quartum module	200 K cost shared
Membrane Systems	Thin film composite membrane development	115 K cost shared
Polymetrics	Evaluationof an energy recovery device	200 K
UOP	R&D on spiral wound TFC membrane systems	200 K
Rohm & Haas	Development of chlorine resistent hollow fiber membrane	150 K cost shared
Bur. Reclamation	Develop method for formaldehyde disposal	20 K cost shared
Coury & Assoc.	Silica scaling study	140 K
Romicon	Evaluation of large hollow fiber ultrafiltration cartridge for sea water pretreatment	150 K
Rohm & Haas	Direct contact freezing plant for industrial waste application	50 K

Question: Please provide for the record a list of projects and costs to be supported with the $384,000 available in 1982 for saline water research.

Answer:

Saline Water Conversion Research Projects to be Funded in FY 1982

Contractor	Project Title	Amount
MIT	Hydrodynamics and Fouling Studies of Reverse Osmosis Systems	$167,000
To be Selected (1) to (2)	Research on Chlorine Resistant Reverse Osmosis Membranes	217,000 (Est.)
	Total	$384,000

Technology Transfer Projects

Question: In OWRT's budget justifications, on pages 14 and 15, you list a group of technology transfer projects that will receive a total of $144,000 in FY 1982. Some of the projects listed there seem to be the types that would be available through other agencies or that are not of the highest priority, for example:

-workshop and report on irrigation efficiencies
-water conservation booklet for urban planners
-brochure on legal/institutional constraints to water conservation in Western States
-booklet on water reuse and solar energy for aquaculture (fish production)
-booklet for treating urban waste water through aquaculture

What can you tell us about these projects and why they merit OWRT support?

Answer: In general response to the question, each project is a final-stage application of information publication, directing the results of research to certain audiences which otherwise might not receive the information. The method used -- the brochure, booklet, workshop -- explains the findings in terms readily understood by managers, elected officials, planners, decisionmakers, and those in positions to make productive use of the summarized material. Each technology transfer project is the end product of a substantial OWRT research investment. The research was authorized after determination that it was not duplicative of other known work, and the research result, to the best of the knowledge of staff experts, conveys new knowledge or technical innovation of value in theoretical or practical application.

The workshop and report on irrigation efficiencies would present results of OWRT sponsored research to key members of Water Resources Research Institutes (WRRI) and U.S. Department of Agriculture Extension Service Specialists from each state. One objective would be to build working relationships between WRRI and Extension Service operations. Two workshops are planned, one in the East and the other in the West, to explain the results of the latest OWRT-sponsored research into problems relating to irrigation. A report on the proceedings would provide technology transfer to appropriate audiences beyond the workshop participants -- the farmer users. Some of the research forming the basis for the workshops was conducted through WRRIs in New Mexico, Colorado, and Nebraska. A technology transfer assessment by the Pennsylvania WRRI will be made in formulating the subject agenda for the workshops. These cooperative efforts should lead to improved communication of new information on irrigation to farmers.

The water conservation booklet for urban planners is being produced in cooperation with the American Association of Planners. The original report (86 pages) intended for technicial-users has been condensed into a concise presentation for planners, elected officials, and other decisionmakers who will use the information in conjunction with urban planning projects. The Association has absorbed virtually all costs in preparing the booklet for printing.

The brochure on legal/institutional constraints to water conservation in Western States is a compilation and analysis of complex factors bearing on water conservation efforts in the Western U.S. Originally a 350-page report intended for land attorney specialists and other professionals, the brochure condensation will highlight the issues in general terms for senior level officials, elected leaders, program administrators, etc. It is intended to assist them in resolving and overcoming legal and institutional barriers to water conservation in traditionally water-short areas of the country.

The booklet on water reuse and solar energy for aquaculture (fish production) will summarize the findings of a project which demonstrated how to speed up hatchery production of salmon at greatly reduced cost. It used solar energy to heat the hatchery water, and incorporated a filtration system separating impurities from the heated water, allowing its use again and again, and avoiding discharge of contaminated effluent into source streams. The research has major positive implications for hatchery fish production.

The booklet for treating urban wastewater through aquaculture is derived from a technical report on the "Solar Aqua System", a method of treating municipal wastewater using comercially valuable animals and plants to convert pollutants into usable biomass. The ideas presented could help many municipalities in cutting costs of wastewater treatment.

COMMISSION OF FINE ARTS

STATEMENT OF J. CARTER BROWN, CHAIRMAN

ACCOMPANIED BY:
CHARLES H. ATHERTON, SECRETARY
DONALD B. MYER, ASSISTANT SECRETARY
KEVIN K. KOPPER, BUDGET ANALYST, OFFICE OF THE SECRETARY, DEPARTMENT OF THE INTERIOR

PREPARED STATEMENT

Senator McClure. We will now turn to the Commission of Fine Arts.

Welcome before this committee.

The fiscal year 1983 estimate for the Commission of Fine Arts totals $319,000, an increase $28,000 over fiscal year 1982 appropriations to date.

Mr. Brown, if you would first introduce your associates, you may then proceed to highlight your opening statement, the full text of which will be included in the record.

[The statement follows:]

STATEMENT OF J. CARTER BROWN

The Commission of Fine Arts is requesting an appropriation of $319,000 for its Fiscal 1983 operations.

This request reflects efforts to hold costs very close to those of previous fiscal years for funding the expenses of the seven Commission Members and the salaries and related costs necessary to provide for a supporting staff. The proposed $28,000 increase is an adjustment between rising overall costs and reductions in other areas such as printing and member travel expenses. Since the Commission was established in 1910, Commission members have served and given their professional expertise at no cost to the Government. This public-private partnership extends to the Commission's Old Georgetown Board, which we are grateful to say, also serves at no cost. In line with this, the Commission is exploring a further cost reduction through continuing its publications program in partnership with the private sector. We hope to accomplish the same public goals and high caliber with these publications while eliminating the cost from the budget request.

The preceding year has been a busy one for the Commission, and exciting as well, because of the great variety of proposals we have reviewed. Architectural design is changing, exhibiting a new consciousness of historical styles and a heightened effort to integrate new structures with the existing urban fabric. On Pennsylvania Avenue plans are becoming reality with some completed projects and a great flurry of design activity. Downtown Washington has a public-private planning effort under way stretching from Chinatown to major developments facing the Treasury Building. The Commission has been involved through either direct jurisdictional review or liaison with community and governmental participants in an effort to make the downtown area into a showcase of design excellence and economic vitality.

We are pleased to submit a small publication about the Commission of Fine Arts, a copy of our Brief History 1910-1980. Released over the last year, it chronicles many of the Commission's efforts to build a more suitable and beautiful Capital. I believe that many of the projects recorded have benefited from this Commission's scrutiny. Many testify to the benefits of an objective review body. We are also submitting a list of the projects reviewed by the Commission in public meetings during 1981 and the early months of this year. In the next few minutes I would like to highlight some of those which will truly benefit the capital city.

As advisors to the Department of State, we have continued to advise on development for the International Center, at Connecticut Avenue and Van Ness Streets, N. W. This includes plans and construction by foreign governments of a number of architecturally significant chancery buildings in a park-like setting. Adjacent to the Chancery enclave is proposed a most interesting structure for the INTELSAT Headquarters which we mentioned last year. We are following through on the smallest details, including wall sections and landscaping, to insure that the excitement of the initial design will come through in the final result.

The Smithsonian Institution has sought advice on the design of its major new facilities to house the Museum of African Art and additional facilities for the display of Oriental Art in the Castle's South Quadrangle. This primarily underground structure will have a pair of formal garden pavilions uniting the Freer, the Smithsonian Castle and the Arts and Industries buildings together in a carefully landscaped setting. Also the National Zoological Park has been active in improving its facilities with Commission counsel. As with numerous other projects, the Commission has toured existing and newly completed facilities at the Zoo and is studying designs for future proposals.

I have already mentioned the Pennsylvania Avenue Development Corporation's progress. Drinking fountains, lighting, paving details and curb alignment represent the detail of our liaison and review. Many of the bigger projects we have mentioned to you in the past are now up or under way. Though the Willard has been delayed, we still feel that its restoration and potential vitality are the key to success for the avenue's revitalization. New projects reviewed for PADC within the past year included designs for a new park at John Marshall Place and the refurbishment of the Evening Star Building.

Last year we mentioned that we had seen a preliminary design for the proposed Metro Center project, sponsored by the District of Columbia Government Redevelopment Authority through the private sector. In reviewing and approving designs for the multi-block office, shopping and hotel complex, we are encouraged about good things to come in that area. This year we have joined with the Mayor's downtown task force and are very much involved in the planning effort I mentioned earlier. As an adjunct to the Pennsylvania Avenue development, the new convention center, and the monumental core, downtown is a place whose time has come. We look forward to continued involvement.

The Shipstead-Luce Act was passed by Congress to protect the monumental core, Capitol enclave and perimeter of Rock Creek Park. The Commission has reviewed a number of large scale projects near Rock Creek Park in the redeveloping West End. The largest and most recent has been in the vicinity of 24th and N Streets, N. W., and is a multi-block mixed-use project proposed for the U. S. News and World Report property. Architect of the Capitol, George White, FAIA, in the new master plan for the Capitol, has proposed a coordination of design review between his office and that of the Commission for projects within the privately owned areas flanking the enclave. The proposal would make the Architect of the Capitol a limited member of the Commission of Fine Arts for design review within the Shipstead-Luce Act area as it coincides with the Master Plan areas. The Commission has discussed the plan with the Architect of the Capitol and endorsed it. The Commission as you know has no jurisdiction over the Capitol enclave itself, but has responsibility for private development on the periphery. We welcome the opportunity to work jointly on this most important area.

Advising the National Park Service on the major memorials of our city is one of the Commission's chief responsibilities. We are assisting with design review and liaison on a proposed master plan for the Washington Monument. This being the 250th anniversary of the birth of George Washington makes that a timely effort. We note also the 100th anniversary of Franklin D. Roosevelt's birth and the prospect that the designs approved by the Commission may go forward. The Commission anticipates working with the Memorial Commission and the Park Service on the refinement of the sculpture, inscription and landscape details.

While on the subject of memorials, I should mention the Vietnam Veterans Memorial. The design which was selected by a distinguished jury, in accord with the legislation authorizing the memorial, was reviewed, refined and then approved by the Commission. The Commission believes that the memorial would be a handsome addition to the Mall area and would not detract from the vistas or the importance of the other memorials. The Commission will be working with the sponsors and the Secretary of the Interior to accommodate legitimate concerns and practical necessities while protecting the integrity of the original design selected by the jury.

The Commission has advised both the General Services Administration and the Department of the Navy on energy conservation measures and the renovation of several buildings at the Washington Navy Yard. We have also had discussions with the Kennedy Center on some new facilities they are proposing in a primarily underground facility to the east of the main building. Earlier proposals to extend the length of the Center have been abandoned, which may be just as well.

Finally, I regret to report that District Officials ruled in favor of proceeding with large scale commercial development on the Georgetown waterfront. We would have rather seen a park on this important location, but at least we have the satisfaction of seeing substantial improvements in the architectural designs from what was originally proposed, so our efforts were not without some benefit.

That concludes our prepared statement, Mr. Chairman. We will be happy to respond to your questions.

PROJECTS REVIEWED BY THE
U. S. COMMISSION OF FINE ARTS
1 January 1981 - 28 February 1982

A. EXECUTIVE OFFICE OF THE PRESIDENT, OFFICE OF MANAGEMENT AND BUDGET

(1.) Franklin Delano Roosevelt Memorial: report requested on H. J. Resolution 196 authorizing construction.	16 Sept.'81

B. U.S. HOUSE COMMITTEE ON ADMINISTRATION

(1.) Requests for comments on H.R. 339, A Bill to relocate the General Meade Statue.	12 May '81

C. NATIONAL PARK SERVICE, NATIONAL CAPITAL REGION

(1.) Memorial to the Signers of the Declaration of Independence; final design details.	13 Jan. '81
(2.) Federal Reserve Building grounds: temporary sculpture exhibit.	7 April '81
(3.) Vietnam Veterans Memorial; preliminary design.	7 July '81 13 Oct. '81 10 Nov. '81
(4.) Washington Monument Grounds: conceptual design.	16 Sept. '81 17 Feb. '82
(5.) The White House: visitor security check point facility; proposed site and design.	16 Sept. '81 17 Feb. '81
(6.) The Maine Lobsterman (southwest Waterfront): sculpture and pedestal; preliminary.	15 Dec. '81 17 Feb. '82
(7.) Tennis "bubble" (West Potomac Park): new covering for inflatable structure.	15 Dec. '81

D. SMITHSONIAN INSTITUTION

(1.) Museum of Natural History; Constitution Avenue entry weather canopy; design proposal.	13 Jan. '81
(2.) Smithsonian Castle handicapped entrance modification at Mall.	10 March '81
(3.) National Zoo: Monkey Island Exhibit.	12 May '81 16 Sept. '81
(4.) Renwick Gallery (17th St. and Penn. Ave.): resurfacing of ornamental stonework.	7 July '81
(5.) South Quandrangle Development (Smithsonian Castle): revised designs.	16 Sept. '81 15 Dec. '81

E. DEPARTMENT OF TRANSPORTATION

(1.) Signage on Theodore Roosevelt Bridge and approaches to Interstate 66.	13 Jan. '81 10 March '81

F. GENERAL SERVICES ADMINISTRATION	
(1.) Old Post Office Renovation (12th and Penn. Ave.): landscaping and paving plan; final review.	7 July '81
G. DEPARTMENT OF THE NAVY, CHESAPEAKE DIVISION (GSA)	
(1.) Washington Navy Yard: renovation of Building 200.	16 Sept. '81
(2.) Bolling Air Force Base community center: new filling center; proposal.	16 Sept. '81
(3.) Washington Navy Yard: addition to Building 213.	10 Nov. '81
H. AMERICAN BATTLE MONUMENTS COMMISSION	
(1.) Pershing Park: Pershing statue; study maquette.	10 March '81
I. JOHN F. KENNEDY CENTER FOR THE PERFORMING ARTS	
(1.) New Conservatory Music and Theatre; feasibility study.	10 Nov. '81 17 Feb. '82
J. STATE DEPARTMENT	
(1.) International Center: Intelsat Headquarters building (Van Ness and Conn. Ave.); final design review.	12 May '81 10 Nov. '81
(2.) International Center: landscaping design.	17 Feb. '82
(3.) International Center: Chancery of Jordan; final review.	17 Feb.'82
K. TREASURY DEPARTMENT, BUREAU OF THE MINT	
(1.) Willa Cather Medal: Gold Medallion Series; revised design.	7 April '81
(2.) Mark Twain Medal: Gold Medallion Series; revised design.	7 April '81
(3.) George Washington's 250th Anniversary Commemorative Coin.	17 Feb. '82
(4.) 1982 Gold Medallion Series.	17 Feb. '82
L. NATIONAL AERONAUTICS AND SPACE ADMINISTRATION	
(1.) Special Engineering Achievement Award, NASA; revised design.	13 Jan. '81
M. NATIONAL INSTITUTE FOR CORRECTIONS	
(1.) Official Seal for the National Corrections Academy.	13 Oct. '81
N. DEPARTMENT OF THE ARMY, INSTITUTE OF HERALDRY	
(1.) Army Achievement Medal.	12 May '81
(2.) U.S. Coast Guard Reserve Good Conduct Medal.	13 Oct. '81

O. REDEVELOPMENT LAND AGENCY, D.C. DEPT. OF HOUSING AND COMMUNITY DEVELOPMENT

(1.) Metro Center Development 11th thru 13th Streets): office, hotel, retail structure; preliminary. 13 Jan. '81

(2.) Washington Design Center (4th St. at Va. Ave., S.W.): conversion and addition. 12 May '81
13 Oct. '81

P. DISTRICT OF COLUMBIA, PUBLIC SPACES COMMITTEE

(1.) Federal Express overnight collection receptacles: location and box design. 16 Sept. '81

Q. DISTRICT OF COLUMBIA, DEPARTMENT OF GENERAL SERVICES

(1.) Community Park West, landscape design. 13 Jan. '81

R. DISTRICT OF COLUMBIA, OFFICE OF PLANNING AND DEVELOPMENT

(1.) National Theatre: renovation and second story projecting lounge; proposal. 13 Oct. '81
15 Dec. '81

S. PENNSYLVANIA AVENUE DEVELOPMENT CORPORATION

(1.) Combination pedestrian light fixtures and benches; revised design. 13 Jan. '81
10 March '81

(2.) Pennsylvania Avenue Triangle (6th St., Indiana and Penn. Avenues): office, hotel and residential; informal review. 10 March '81

(3.) John Marshall Park (Penn. Ave. at John Marshall Place, N.W.): preliminary design. 7 April '81
12 May '81
13 Oct. '81
15 Dec. '81
17 Feb. '82

(4.) Sidewalk renovation and articulation between 3rd and 6th Streets, N.W.. 12 May '81

(5.) Pennsylvania and Constitution Avenues Intersection: study of curb alignments; preliminary. 7 July '81

(6.) Prototype waste receptacle design. 13 Oct. '81

(7.) Great Seal of the U.S. for Western Plaza (14th and Penn. Ave.): proposal. 13 Oct. '81

(8.) Prototype drinking fountain design. 10 Nov. '81
15 Dec. '81
17 Feb. '82

(9.) 1101 Pennsylvania Avenue, N.W. (Evening Star Building): renovation and addition; proposal. 15 Dec. '81
17 Feb. '82

(10.) Navy Memorial (8th St. and Pennsylvania Avenue, N.W.): preliminary design. 17 Feb. '82

T. SHIPSTEAD-LUCE ACT

(1.) 1331 Pennsylvania Avenue, N.W.: new commercial-hotel structure; design development.	13 Jan. '81 7 July '81 16 Sept. '81 10 Nov. '81 15 Dec. '81
(2.) 3501 - 19 17th Street, N.W.: Oakwood Commons, new residence construction; resubmission.	10 March '81
(3.) 520 North Capitol Street, N.W.: renovation to Commodore Hotel.	10 March '81
(4.) 2609 Klingle Road, N.W.: new residence.	10 March '81
(5.) 2643 Virginia Avenue, N.W.: gas station renovation; revised design and material samples.	10 March '81
(6.) 409 - 11 12th Street, N.W.: new office building; resubmission.	7 April '81
(7.) 1401 Pennsylvania Avenue, N.W.: restoration, renovation and addition to the Willard Hotel; final review.	12 May '81
(8.) 2217 N Street, N.W.: new apartment building; final.	12 May '81
(9.) 555 4th Street , N.W.: new office building for Judiciary Square; final design review.	12 May '81
(10.) 100 Virginia Avenue, S.E.: rehabilitation of Garfield Park.	12 May '81
(11.) 601 24th Street, N.W.: new apartment building; preliminary design.	7 July '81
(12.) 2112 F Street, N.W.: new apartment building; revised preliminary.	7 July '81 10 Nov. '81
(13.) 655 15th Street, N.W.: renovation and addition to office and retail complex; working drawings.	7 July '81
(14.) 2613 Klingle Road, N.W.: new residence; preliminary.	7 July '81
(15.) 1301 E Street, N.W.: signage for new office building.	7 July '81
(16.) 55 Ivy Street, S.E.: new office building; working drawings.	7 July '81
(17.) 330 Pennsylvania Avenue, S.E. (Naval Lodge No. 4): replacement of windows.	16 Sept. '81
(18.) 4155 Linnean Avenue, N.W.: Hillwood Museum Visitors Center.	16 Sept. '81
(19.) 1321 E Street, N.W. (National Theatre): temporary Evita sign.	16 Sept. '81
(20.) 727 15th Street, N.W. (Playhouse Theatre): renovation and tower addition; proposal.	15 Dec. '81
(21.) 2300 N Street, N.W.: new commercial-office complex for U.S. News and World Report; conceptual.	15 Dec. '81
(22.) 2607 Klingle Road, N.W.: new underground residence.	17 Feb. '82

U. OLD GEORGETOWN ACT

(1.) 1226 31st Street, N.W.: Hamilton Arms; repairs and renovations.	13 Jan. '81
(2.) 1025 Thomas Jefferson Street, N.W.: construction of a new office-retail-residential structure; conceptual.	13 Jan. '81 10 Nov. '81
(3.) 3020 K Street, N.W.(Georgetown Harbor Assoc.): new mixed-use development.	10 March '81 7 April '81
(4.) 3300 M Street, N.W.: new commercial-office-residential building; preliminary.	10 March '81 12 May '81
(5.) 3222 M Street, N.W. (Georgetown Park): canal zone residential development; preliminary.	10 March '81 12 May '81 16 Sept. '81
(6.) 3256 M Street, N.W.: raze buildings.	10 March '81
(7.) 3631 - 33 Canal Road, N.W.: addition of residential and office space; revised preliminary.	12 May '81
(8.) 1669 Wisconsin Avenue, N.W.: renovation and rear addition; revised preliminary.	12 May '81
(9.) 3200 S Street, N.W.: revisions to permit drawings authorizing attic addition.	12 May '81
(10.) 1015 31st Street, N.W.: new office building; preliminary design.	12 May '81 15 Dec. '81
(11.) 1732 Wisconsin Avenue, N.W.: demolition of retail building and proposed replacement.	7 July '81 16 Sept. '81 13 Oct. '81
(12.) 3000 M Street, N.W.: canopy designs.	7 July '81
(13.) Georgetown University (37th and O Streets, N.W.): new townhouse student residences; preliminary.	16 Sept. '81
(14.) 3622 - 26 Prospect Street, N.W.: remodeling of existing houses; preliminary.	16 Sept. '81 13 Oct. '81
(15.) 3294 M Street, N.W.: greenhouse and landscape center.	16 Sept. '81
(16.) 2929 M Street, N. W. (NS&T Bank): new banking facilities; working drawings.	13 Oct. '81
(17.) 1238 Wisconsin Avenue, N. W.: partial razing in conjunction with renovation and new construction; proposal.	13 Oct. '81
(18.) 1016 30th Street, N. W. (Galliher Lumber): demolition in conjunction with new construction; proposal.	13 Oct. '81
(19.) 1532 Wisconsin Avenue, N. W. (Suters Tavern): rear addition.	15 Dec. '81
(20.) 3120 N Street, N. W.: combining two existing houses and alterations.	17 Feb. '82

V. ADMINISTRATIVE REPORTS

(1.)	Proposed flag display on FBI Headquarters Building	13 Jan. '81
(2.)	Request for comments on S. 45, "A bill to reform the laws relating to the provision of Federal assistance in order to provide state and local governments with greater flexibility in managing programs and project using such assistance."	7 April '81
(3.)	Historic House Association of America; Award for Excellence in Preservation, presented to the Commission.	12 May '81
(4.)	Introduction of Senate Resolution S. 1596 permitting the Commission of Fine Arts to accept private funds.	16 Sept. '81
(5.)	Report on the order by the Mayor's Agent regarding Georgetown Waterfront development.	16 Sept. '81
(6.)	D. C. Bill 4-215 Building Restriction Line Modification Authorization Act of 1981 , report.	10 Nov. '81
(7.)	D.C. Bill 4-334, enclosed Sidewalk Cafe Act of 1981, report.	10 Nov. '81 15 Dec. '81
(8.)	D.C. Bill 4-29, Historic Landmark Implementation Act of 1981, report on November 16 hearing.	15 Dec. '81

INTRODUCTION OF ASSOCIATES

Mr. BROWN. Thank you, Mr. Chairman.

I have, on my right here, the Executive Secretary of the Fine Arts Commission, Charles Atherton.

On my left is his assistant, Don Myer.

And next to him, our Budget Analyst, whom we borrow from the Department of the Interior, Kevin Kopper.

The statement which we have submitted for the record summarizes our activities in the last year. I will simply highlight them.

I might point to the number of projects that have come before us and the variety in which we feel the Commission has been helpful regarding the shape of this capital city. There is a renewed activity at the international center which relates to this country's foreign relations and gives us the opportunity for reciprocal facilities in many capitals abroad. And right close to that, Intelsat, which is coming in with a brilliant building which we are watching very closely as it develops.

Now, the Smithsonian has a project for a large addition to its facility, mainly underground. But we have worked very closely with them in trying to develop the best possible form for that on the part that shows.

We have a task force now downtown working on what may develop around Metro Center; and also downtown the Pennsylvania Avenue Development Corporation has been moving very rapidly with a variety of private sector investments coming in and many decisions to be made. The monuments of the city have been part of our purview this last year. There is an extensive landscaping plan for the area around the Washington Monument, naturally a key spot in this country of ours, and there is a new interest in the Franklin Delano Roosevelt Memorial which we have been involved with from the design point of view over some time. And the Vietnam Memorial came through this year as well.

In the near future we have plans for an addition to the Kennedy Center, which has a memorial aspect and which will enlarge its capability, and we are working very closely with them.

In general terms, the budget reflects simply our desire to continue at an even level with what we have done before and try to provide the kind of service that we now have recognition from the Office of Management and Budget is essential and should not be dismantled. We feel that this is the absolute minimum staff and budget with which we can get that job done.

Senator McClure. Thank you very much.

For annualized pay costs $16,000 is requested. What is the dollar amount of the 1981 pay cost that the Commission has absorbed in the current fiscal year?

Mr. Brown. I believe it's $8,000.

Is that right?

Senator McClure. Mr. Kopper?

Mr. Kopper. If I may, Mr. Chairman, the 1981 requirements are in the neighborhood of $7,000. They have not been included in this request. They are currently under consideration by the Office of Management and Budget, and they should be submitted sometime in early March.

Senator McClure. For inclusion in the supplemental?

Mr. Kopper. Yes.

Senator McClure. You're not absorbing that?

Mr. Kopper. That determination has not been made at this point in time.

Senator McClure. You're hoping not to absorb it?

Mr. Brown. We are wondering how on Earth we ever would.

Mr. Kopper. In addition to that, there are certain amounts committed to the January 1982 executive pay raise which partly comprises the $16,000 as adjusted in the 1982 budget.

Senator McClure. The remaining $12,000 increase provides for rather modest additions in travel, rent, and supplies, all of which seems quite appropriate.

PRIVATE DONATIONS

In view of the fact that you have been allowed to present a maintenance-level budget, have you abandoned the idea of seeking legislation to allow the Commission to receive private donations for its operation?

Mr. Brown. In discussions with the Office of Management and Budget, we felt that, taking everything into consideration, it did not seem practical to pursue that direction at this time.

Senator McClure. Why?

Mr. Brown. I think they were quite sensible of the dimensions which we discussed in these hearings last year, that if the budget becomes dependent on fundraising activity from the private sector, the Commission, which is there to give impartial advice, begins to open itself up to possible conflicts of interest.

And I was quite interested that the people we talked to in the Office of Management and Budget saw that point. They saw that there are hundreds of millions—even billions—of dollars at stake in these projects, and that kind of money puts pressure on people, and the possibility that they would be faced, even without knowing it at the time, with thoughts of what quids there might be for certain quos, and it would not be worth the candle in terms of the amount of Federal investment required.

ARCHITECTURAL PUBLICATIONS

Senator McClure. Have you the necessary authority to continue the architectural publication program with the assistance of the private sector?

Mr. Brown. We have enough authority I believe, and we are pursuing it actively.

Senator McClure. A decision has finally been reached on the Georgetown waterfront, and the Commission recently gave preliminary approval to designs for the expansion of the Kennedy Center and for the proposed Navy memorial.

Are there additional projects of this magnitude which will be reviewed in the coming year?

Mr. Atherton. There are private development projects on Pennsylvania Avenue, for example, development of that magnitude.

Mr. Brown. That's right.

Then, also, up in the Shipstead-Luce area, we mentioned in our statement the master planning going on there in the vicinity of 24th and M Street, Northwest.

Senator McClure. Do you think your work level, with these additions, will be roughly the same as the work level of the past year?

Mr. Brown. We do. We have tried, when the budget gets extremely tight, to see if there's any possible way we could skip or delay meetings in order to cut down on travel costs. But each time we do this, you inflict a severe hardship on the people coming in. They are on a tight schedule, and delay of 2 or 3 months, simply financing the waiting to get around to another meeting, could cost them enormous amounts of money, both in the private sector and the Federal Government.

Senator McClure. Thank you very much.

If there are further questions, we will submit them for the record. I appreciate your testimony this morning.

NATIONAL GALLERY OF ART

STATEMENT OF J. CARTER BROWN, DIRECTOR

ACCOMPANIED BY:

CHARLES P. PARKHURST, ASSISTANT DIRECTOR
JOSEPH G. ENGLISH, ADMINISTRATOR
CARROLL J. CAVANAGH, SECRETARY-GENERAL COUNSEL
HURLEY F. OFFENBACHER, CONSTRUCTION MANAGER
ROBERT C. GOETZ, TREASURER
WILLIAM H. ROACHE, BUDGET OFFICER

PREPARED STATEMENT

Senator McClure. Mr. Brown, please call your associates from the National Gallery of Art. We will proceed to discuss that budget request, which totals $32,673,000, an increase of $2,858,000 over fiscal year 1982 appropriations.

Mr. Brown, if you would first introduce those with you at the witness table, you may then proceed to highlight your opening statement, the full text of which will be included in the record.

[The statement follows:]

Statement of J. Carter Brown

Attendance at the National Gallery has been increasing in recent years to reach an all time high of 6,735,188 visitors during fiscal year 1981. This total represented an increase of 737,978 over fiscal year 1980. The primary reason for this increase has been attributed to the success of our special exhibitions program and continued public interest in the East Building. The added gallery space of the East Building and increased funding (Federal and non-Federal) have likewise contributed to this success.

Our fiscal year 1983 Federal funds budget request includes $4.1 million for the West Building renovation and restoration program approved by OMB and included in the President's budget for fiscal 1983. This program represents phase IV of the gallery's construction programs. Completion of this phase is now scheduled in 1988 with total Federal costs estimated at $24,950,000.

The fiscal year 1983 Federal funds budget request, as amended by OMB, totals $32,673,000 and 823 full-time permanent positions with an OMB limitation of 725 FTE (full-time equivalent) employment. This amount reflects a net increase of $2,858,000 over the fiscal year 1982 budget of $29,815,000.

The 725 FTE employment limitation imposed by OMB in both fiscal years 1982 and 1983 is considerably less than the 801 FTE requested by the gallery for both years. In addition, the 725 FTE for fiscal year 1982 is 15 FTE less than the President's initial ceiling of 740 FTE on March 19, 1981. The adverse impact of these greatly reduced ceilings are: the curtailment of summer evening hours in fiscal year 1982 and the total elimination of summer evening hours in fiscal year 1983; the reduction of the security guard force in fiscal year 1983 necessary for the opening of all the newly renovated galleries and the opening of the Seventh Street entrance of the West Building; and the elimination of much of the temporary and part-time help during the year which has been critical to the maintenance of services to the visiting public.

Forty-five percent ($1,274,000) of the total increase is associated with personnel compensation. This increase provides: $312,000 for mandatory within-grade and wage-board step increases; $172,000 in overtime services in support of building operations and special exhibitions; $150,000 reduction due to savings from lapses in filling full-time permanent positions; $484,000 for 40 full-time permanent positions approved in fiscal year 1982 but whose cost for fiscal year 1982 was absorbed 100 percent by the gallery; $86,000 for 28 part-time summer employees approved in fiscal year 1982 but whose cost for fiscal year 1982 was absorbed 100 percent by the gallery; $758,000 for the annualization of the fiscal year 1982 pay raise (absorbed 100 percent in fiscal year 1982 at the request of OMB); $301,000 to restore portion of fiscal year 1981 pay raise absorbed in fiscal year 1982 OMB submission; $177,000 to restore reduction of base pay in fiscal year 1982 budget for function C, protection; $533,000 reduction for the elimination of funding for summer evening hours in fiscal year 1983 due to the full-time equivalent (FTE) employment limitation required by the OMB employment ceiling; $179,000 decrease for the reduction of 15 FTE employment workyears for full-time permanent positions required by the OMB employment ceiling for fiscal year 1983; and $154,000 decrease for the reduction of 20 FTE employment workyears for other than full-time permanent positions required by the OMB employment ceiling for fiscal year 1983.

Twenty-three percent ($656,000) of the total increase is required for the increased costs of rents, communications, and utilities. This amount consists of $643,000 to cover the increased costs of steam and electricity usage for all structures; and $13,000 to cover the costs of additional photocopy machines and word processing equipment.

Nineteen percent ($529,000) of the total increase is needed to cover the increased costs as well as provide for additional quantities of materials, supplies and services in support of basic gallery operations. This amount consists of $291,000 for services and $238,000 for supplies and materials.

Seventeen percent ($500,000) of the total increase is requested for lands and structures. This amount consists of $100,000 to help pay for a new transformer and $400,000 for the West Building repair, renovation, and restoration program.

Offsetting the above increases is a decrease in equipment equal to about 4 percent ($101,000) of the total increase.

In summary, the appropriation for fiscal year 1983 is $32,673,000—a net increase of $2,858,000 over the 1982 budget. Comprising the total increases are: personnel compensation benefits—$1,274,000; rents, communications, and utilities—$656,000; materials, supplies, and services—$529,000; lands and structures—$500,000; and equipment decrease—($101,000).

INTRODUCTION OF ASSOCIATES

Mr. Brown. I have here with me our Treasurer, Robert Goetz, and our Budget Officer, William Roache, and on my other side here is the Administrator of the gallery, Joseph English, and our Construction Manager, Hurley Offenbacher. And if there are questions that relate to their areas, we also have with us here today the Assistant Director of the gallery, Charles Parkhurst, and the Secretary-General Counsel, Carroll Cavanagh.

Would you like me to highlight our statement?

Senator McClure. If you would, please.

HIGHLIGHT OF PRIOR YEAR

Mr. Brown. Mr. Chairman, the National Gallery has had another very exciting year, in which we have seen an enormous public interest in our activities, both within the building and across the country, the most spectacular of which is probably in the Rodin exhibition, or "Rodin Rediscovered," which has now attracted well over 1 million people, and which, because of the generosity of its many lenders, has been extended, so the spring crowd that comes to Washington will also be able to take advantage of this once-in-a-lifetime opportunity.

The other exhibitions which have been of particular note include things as diverse as—American painting, in a survey of the 19th century through the eyes of an important collector couple from California, called "An American Perspective;" and, then, forays into art from other parts of the world:

Costa Rica, one of America's greatest friends and allies, which has been enormously generous in allowing us to borrow treasures of gold and jade from their central bank and major museums; a show on the Afro-American heritage of the Kongo civilization, from another American friend, Zaire; and, most recently, you may have read in the paper this weekend, we have just opened an exhibition not of borrowed art, but art which has come to the Nation as a result of the lifelong collecting activity of Lessing J. Rosenwald that represents an extraordinary body of acquisition material in the graphic arts.

This year, in addition, we have added some 283 works of art to our collections, and our educational facilities have served an increasing number of people, somewhat helped by a new and quantum increase in the number of people that have been reached through the medium of public television. And finally, in-house, in our West Building we have been proceeding with the breakthrough project which we have discussed here with you before, and which you have supported. It is moving toward the systematic completion of the gallery complex in a form that has been made possible by extraordinary private donations over the years in this great partnership between the public and the private sector that has made the National Gallery of Art what it is.

FUTURE GROWTH

I think it is useful to take a look not only at the trees and the branches, but at the forest from a long-range point of view in terms of what the gallery has been doing and plans to do, because I for one see it as a very finite kind of growth. There is no more land available immediately contiguous for any more buildings, and there probably will be no more donors of the magnitude of the Mellon family, which has been so extraordinarily generous and probably one of the greatest philanthropic gifts from any group of individuals to any government in history.

This build-up process was in full swing and was at or near completion when we then started having to suffer cutbacks in our staffing short of the plateau that we have been trying to reach. When we planned for the new building in the late 1960's, we did projections as to what it would take once it was in place. We got congressional approval to go ahead with the new building on the basis that we would provide the funds to build it and the Federal Government would provide the funds to staff it and maintain it. And that projected a level stabilizing at about 900 full-time employees.

We were in the process of moving toward that goal, and Congress authorized increases in the number of the staff each year and now we have faced, because of very understandable problems of great national magnitude, an arresting of that progress. And in the coming year, I think we will see increasingly how that will impinge on the services of this great institution. And to the extent that in order to move forward with the remodeling of the West Building in such a way that the public can utilize it, the number of additional staff it will take to guard these areas and provide services of other kinds will mean that we will have to curtail services in other areas. We will have to close in the summer months in the evening hours, which was a program suggested by the Congress. And we feel we have a very great stake in utilizing these extraordinary resources that don't do anybody any good if they are kept behind closed doors.

But the time is way past when we can any longer justify not showing to the public the enormously diverse and valuable collections in two areas which have not been able to see the light of day because of lack of space.

We have one of the world's greatest collections of Renaissance and later bronzes—medals, plaquettes, and sculpture. Probably in the Italian field it ranks with the National Museum in Italy and the Victoria and Albert in London, as one of the three greatest in the world. This material has been off view since the late 1960's. It is a part of the overall space reallocation that can now take place as a result of the East Building.

In addition, now that the Rosenwald collection has physically come to Washington, as you read in the paper, we have one of the world's greatest collections of graphics; his own gift of some 22,000 prints, added to existing holdings giving a total of almost 75,000 works of art in the graphics area; and we have no place to show them on a regular basis, short of the areas which we are just now bringing to completion.

I thought you might be interested, Mr. Chairman. I brought up just a couple of photographs taken very recently to show you the status of that project. It is made possible by the East Building, by virtue of taking the offices that used to occupy all these spaces and moving them to new spaces added as a result of private generosity, much more efficient offices I might add, more flexible, less wasteful of space. We have been able to clear out all the partitions and are beginning to build back in public gallery space to show some of these collections.

This is an exciting project. It is moving well. It is on schedule and within budget. But we are going to need people, and we are planning to live this year under the restrictions that have been put upon us, but I can report to you that it is nip and tuck. We are of course balancing out, and there will be some curtailments of the facilities available to the public as a result.

FULL-TIME EQUIVALENT EMPLOYMENT

Senator McCLURE. I think most of us regret the budgetary limitations that are so obvious, as are the economic conditions in the country that impel them. Forty-five percent of your total increase is for personnel compensation. In the fiscal year 1981, the gallery had 783 full-time permanent positions. In 1982 and proposed for 1983 are 823 full-time permanent positions, with a limitation of 725 full-time equivalent work-years. Does this mean that you will be furloughing employees to reach the 725 figure?

Mr. BROWN. It means we are absorbing this on an attrition basis, and we are not hiring the additional full-time equivalents that would be required for the summer evening hours. There is a summary of this, Mr. Chairman, on page 1–8 of our submission.

Senator McCLURE. You think attrition will move you down to that figure?

Mr. ENGLISH. We are essentially at that level now, Mr. Chairman.

Senator McCLURE. At 725?

Mr. ENGLISH. Yes, sir.

Senator McCLURE. Last year you requested $187,000 for within grade and wage board step increases. This year's request is $312,000, of which $157,000 is to be applied to 1982 costs. Does this indicate that you are about $130,000 short on this account for fiscal 1983, which we will be asked to restore next year?

Mr. GOETZ. Mr. Chairman, I think it indicates we are short in fiscal 1982. On page 1–8, part of that is to make us whole for reductions we have been requested to make by either OMB or the Congress in 1981 or 1982.

Senator McCLURE. But doesn't that also indicate you will be short in the account in 1983?

Mr. GOETZ. Yes, sir.

Senator McCLURE. How much?

Mr. ROACHE. Sir, by about the same amount listed for fiscal 1983 because that is within grade and wage board step increases during the year for about half the year. So that when next year comes, we will have to annualize it for the full year.

Mr. GOETZ. So approximately $155,000.

Senator McCLURE. We will be asked to restore that next year?

Mr. GOETZ. Hopefully, to get it on an annualized basis each year, yes, sir, Mr. Chairman.

ELIMINATION OF SUMMER EVENING HOURS

Senator McCLURE. Total elimination of summer evening hours is proposed for fiscal 1983, yet you seek to fund 28 part-time summer employees that were added in fiscal 1982. If you have no evening hours, will you still require all these positions?

Mr. ENGLISH. Yes, Mr. Chairman. There are a number of other part-time requirements for weekend coverage and so forth. Those part-time positions are not related to summer evening hours.

Senator McCLURE. Even with the curtailment of summer hours this year and elimination of those hours next year, the gallery still projects an increasing visitation. What proportion of your visitation has traditionally occurred during these extended hours?

Mr. BROWN. It is not exactly proportional, and we can provide the actual figures for them. I see their usefulness in terms of quality of the visits rather than the quantity of the visitors, and particularly when there are very popular shows. It gives people an opportunity to see the works of art without dodging the heads of people in front of them.

But with the opening of the new areas in the West Building, we believe that attendance will be quite brisk next year and may offset some of the drop in attendance we would get by virtue of not having that.

Senator McCLURE. Will you provide for the record the visitation that has occurred during the evening hours?

Mr. BROWN. I would be delighted to, Mr. Chairman.

Senator McCLURE. Thank you. If they are available, could you show that by month?

Mr. BROWN. We have it by hour. [Laughter.]

Mr. ENGLISH. Mr. Chairman, it is roughly 2,400 people in the evening during that period. I would have to calculate it out for the whole.

Senator McCLURE. If you would do that, I would appreciate it for the record.

Mr. BROWN. Yes.

[The information follows:]

1981 summer evening hours (from 5 p.m. until 9 p.m.) attendance by month: April, 74,197; May, 56,482; June, 72,185; July, 124,874; August, 102,640; and September (6 days), 17,473.

ABSORBING PAY SUPPLEMENTALS

Senator McCLURE. Last year, $272,000 was requested to restore base pay absorbed in fiscal year 1981. This budget calls for an additional $301,000 to restore fiscal year 1981 pay costs. Yet your OMB-mandated absorption totaled only $379,000, or $194,000 less than the 1982 and 1983 requests.

The shortfall you have experienced is due to the fact that Congress specifically denied $547,000 of your requested pay supplemental in fiscal year 1981. Has it been the gallery's practice to seek restoration of congressionally reduced pay costs?

Mr. BROWN. In general, yes, we have been trying to get toward this long-range goal I was mentioning in an orderly way over the years.

Senator McCLURE. Well, I understand that. But once Congress made the decision, whether you agree with it or whether I agree with it, it is a decision. I just wonder if it is useful for us to go back and argue the whole case over again. Certainly if there comes an economic recovery, which we believe will come, there will be an opportunity to do some catching up, and that would seem an appropriate period of time to seek to redress the shortfalls of the past years.

But it doesn't seem to me, as we are going down in a budget cycle and tight budget year that it is very useful to ask us to catch up on the past for pay that Congress decided we couldn't afford last year. We are much less likely to be able to afford it this year.

Mr. BROWN. So often in our experience, however, it has not been the congressional expression as much as the executive branch's expression.

Senator MCCLURE. I understand that. And we don't always agree with the administration on everything. But the Congress did in this instance specifically deny $547,000 of the request for a pay supplemental. That was specific action taken by the Congress.

UTILITY COSTS

Senator MCCLURE. A $1 million increase was requested last year for utility costs, which was later determined to be unnecessary. In fact, the $4,284,000 currently budgeted by the gallery for fiscal 1982 utility costs is $40,000 below the amount budgeted in fiscal year 1981. A $643,000 increase is requested for fiscal 1983. In view of the fact that you plan to have no summer hours next year, this increase seems to be too large.

With respect to utilities, is this justification more reliable than last year's justification?

Mr. BROWN. Well, I can understand where you're coming from on that question, Mr. Chairman, but we have, as a result of giving enormous amounts of thought to this whole question of utility budgeting, we have taken a good deal of care to work this out. Now the utilities are divided into two areas, one is steam and the other is electricity. Your question is addressed to both, is it?

Senator MCCLURE. Yes.

Mr. BROWN. Because they differ somewhat. In the case of steam, we think that we may be a little on the conservative side in terms of pounds of usage, in that looking at the recent experience, we have been hit with a much higher level of expansion on that than we expected. Part of this was this winter's cold weather. I can report to you that in the first half of this year we were some 13.4 percent above our projections in steam costs; however, we are hopeful that that may work out at the end of this year by virtue of projections in electricity, which we think is properly estimated and will, in combination, give us a level that we can live with. If we maintain it absolutely even as we have projected doing between 1982 and 1983, the offsetting factors in the use of electricity for that period would be, on the one hand, the electricity saved by stopping the summer evening hours, but on the other hand, there will be the increased need for electricity in opening up the new area to the public in the West Building expansion.

So we feel that these two will have netted themselves out. You have to realize that, unfortunately, much as we would love to save money by closing galleries or shortening hours, it doesn't help much in utilities, because we are committed to maintain a stable environment for the works of art, whether the doors are open or not.

Senator MCCLURE. The Smithsonian Institution has estimated that fully one-half of the expenses attributable to extended summer hours are for increased demand on utilities. Do you think your experience is different than that?

Mr. BROWN. Yes, I do, Mr. Chairman. Our collections are extremely sensitive to changes in temperature and humidity. I know that collections which involved exhibits—to take an extreme example—of minerals which are pretty hard to change whatever you do to them, they don't have to worry about that as much as we do. A large part of our great Renaissance collection is of paintings on wooden panels, and minute changes in humidity in these wood panel supports cause expansion or contracting at a different rate from the pigment layers. This is a pledge we have for the future—to maintain these objects. That makes us take care in the environmental controls regardless of the usage.

RATE DISCUSSION WITH PEPCO

Senator MCCLURE. I note that as a result of our discussions last year you did meet with representatives of PEPCO to discuss the rates charged to the gallery. Although it hasn't saved us any money, I do appreciate your following up on this matter. Do you intend to have any further discussions with them?

Mr. BROWN. Well, we are very grateful for your suggestions, Mr. Chairman. I have been made much more comfortable to know that we are getting the best rate for electricity in the entire city of Washington. And one of the factors, it turns out, is that we undertake to do our own transforming, and that we naturally are a large user. But I was disturbed——

Senator MCCLURE. I notice you have $100,000 budgeted to help with the new transformer because of that.

Mr. BROWN. That's exactly accurate. So what you win on the swings, you lose on the roundabouts. But the other plus on electricity, as you are obviously aware, is that we have high weekend utilization, which does come in at a lower rate, so there are some pluses in the relative horizon.

Senator MCCLURE. Well, I will be closely monitoring the experience. But just because you got by in 1982 for less than 1981, doesn't mean we expect you will get by for less in 1983.

Mr. BROWN. Exactly.

Senator MCCLURE. But it does seem like this rather large jump over 1982 experience, do you still expect to be able to come in at $4,284,000, the amount justified for utilities?

Mr. BROWN. We do. A great question mark in all of this is GSA, because we have absolutely no control over the rates that they charge us for the steam they provide us, and we budget as best we can. But occasionally you have some surprises, as when all of a sudden out of the blue they hand us a bill saying, "Listen, we've got to come out even at the end of the year, and this is your share."

EQUIPMENT REQUEST

Senator MCCLURE. The request for equipment recognizes the fact that we have finally finished equipping the East Building. As the East Building funds have been viewed separately from the equipment budget, let us not use that savings of $150,000 for purposes of comparison.

While the total of the other equipment costs is up less than $50,000, there are some wide variations in levels of increases and decreases. Slide purchases are up 100 percent; conservation lab costs are up 140 percent; and the frames are up 191 percent. Can you briefly explain the reasons behind the large increases in these areas?

Mr. BROWN. I'd be delighted to try, Mr. Chairman. Let's take them one by one. I'm not sure which ones you mentioned. Slides were the first?

Senator MCCLURE. Slides up 100 percent; conservation lab costs up 140 percent; and the frames up 191 percent.

Mr. BROWN. In the case of slides, this is a changing policy of what kind of resource our slide library really represents. The interesting thing that we had overlooked is that in concentrating with blinders on, collecting slides as a tool for dissemination in our education department, we had overlooked the fact that these become documents that have a much broader usage in terms of study, interpretation, and scholarship of works of art. They are a kind of an archive, and for this we have realized that this should be made a part of the resources of our photographic archives. So we have begun to build it in that dimension. But in addition to that, there has been an enormous jump in photographic material prices. It seems that when silver went sky high, film did too, and it's never climbed back.

Senator MCCLURE. When silver went down, film didn't.

Mr. BROWN. No change.

Senator MCCLURE. What proportion of the slides that you are talking about are black and white?

Mr. BROWN. Well, I don't know the answer.

Senator MCCLURE. Of course, it's only the black and white that use silver.

CONSERVATION LAB EQUIPMENT

Mr. BROWN. That's right, but film prices, generally, I can tell you as an amateur photographer, have really gone up. The larger things—this is a big percentage increase, although it's not a very large amount in absolute terms relative to the rest of the budget—but the question of equipment for conservation, there we have something that we have agonized over a great deal. The whole conservation effort at the National Gallery is way behind. To be quite frank with you, Mr. Chairman, the problem has been that over the years, in previous administrations of the gallery, it was considered that any scientific work could be done outside the gallery, and that we would have hardly any in-house capability. As a matter of fact, we would only contract with a restorer, who would come in a few hours a week and clean up anything that began to look disfigured.

Since then, we have recognized that our problems are much deeper than that, that we are really running a geriatric ward up there in which objects have a finite life expectancy and we are presiding over their deterioration, and what we must do is begin a concerted effort to get these pictures into a state of health that will prolong their life span. For this we need to take advantage of everything we can get our hands on in terms of modern technology and the explosion of scientific knowledge to find out what can be done to analyze these problems and cure them. With the help of the private sector, as you know, we have built some laboratories now for each of the basic areas in which we collect, and now in addition to our paintings lab, we have a new sculpture and object laboratory, a paper laboratory, and an analytical laboratory. These, however, still have a long way to go to be equipped with the total basic amount of equipment that we see needed in those labs.

When we were doing this budget, it added up to $282,500 of equipment. that we cut down in-house to the request that you see of $89,000. The primary components of that are things that you simply cannot proceed in conservation without, like a stereomicroscope, to be able to see what you're doing in three dimensions. These floor-standing microscopes are $10,000 each and for a sculpture lab, we need two of them.

The other major piece of equipment that we need is for the painting lab, which is a vacuum hot table for the relining of our paintings. We have one. It is very out-of-date and very inadequate. And the relining of paintings is perhaps the most significant single thing you can do to help maintain a painting. As the pigment lifts up from the ground that it was painted on, it requires a new backing to be placed on it, and you have to get an adherence from the back without harming the painting. In the old days, they used to take out a laundry iron and simply go at it from the back, and if the painting had any impasto on it, as Van Gogh's pictures do, and virtually everybody's, they would be suddenly surprised when they turned the thing over, to find that the stuff had all been squashed down.

So the way we do that now is we put this on a specially constructed table, in which we put a sheet over the top, and then gradually create a partial vacuum under that sheet, and this then puts pressure on the picture by using the weight of the air in the room, and it does it absolutely evenhandedly over all parts of the picture and at all angles. This is a very delicate operation. It's something we need to handle as well as possible.

There are other things in here, but they are mainly small. We need varnish spray guns and, for safety, a new toxic fume removal system. When our people are dealing with toxic chemicals, as we do sometimes—for paintings and their restoration—they need to have some way of breathing clean air.

Senator McClure. And the frames?

Mr. Brown. Frames are directly related primarily to the new section in our West Building.

Senator McClure. That's not likely to repeat?

Mr. Brown. We're hoping not. Naturally, part of it is tied to the increased conservation activity. But most of that is to repair frames that we already have. Occasionally, when we buy or receive gifts of work of art, there is some reframing necessary, but the reason this is such a big number this year is that all of that southern tier of galleries that we are going to be able to open to display some of our graphic holdings will require frames for those pictures.

EQUIPMENT FOR RENOVATED AREAS

Senator McCLURE. For the record, let me quote from the written statement provided by the gallery for the fiscal year 1982 hearings. Occasionally, people read my words back to me, which causes me some discomfort at times, but let me read this back to you:

> The gallery does not anticipate any specific increases for furnishings and equipment costs for the renovated areas of the West Building. Instead the gallery plans on absorbing any furnishings and equipment costs for the renovated areas in our regular equipment, lands, and structures.

May we continue to rely on that statement?

Mr. BROWN. This is the way we're handling it, yes, Mr. Chairman.

Senator McCLURE. And you expect to continue to handle it that way?

Mr. BROWN. That's right.

Senator McCLURE. On page 10–8 of the justification, details were provided regarding those portions of the gallery's request which were disallowed by OMB. For the conservation lab alone an additional $246,000 had been requested for desired state-of-the-art equipment. This doesn't seem to indicate any real desire to absorb equipment costs from within the amounts currently available. Is there an exception here, or is there an explanation for that particular language?

Mr. BROWN. Well, I think the whole explanation was covered in what I was addressing in the previous comment, that the need is there, and it's simply a question of deferring to try to adjust to these levels.

Senator McCLURE. This isn't in any way associated with the cost for the renovated areas?

Mr. BROWN. Yes, in one aspect it is. To the extent that the bronzes collection has to be put into exhibitable condition for the opening of the small sculpture galleries, and we are hoping that that will be something in the nature of a one-time cost; however, a good deal of that work has already been done over the years in anticipation of this. I might say, Mr. Chairman, you might be interested in this—the reason we need all of that is because of a mistake that was made in the past which only got discovered by happenstance. The previous exhibition of our antique bronzes was very beautiful. They were mounted on panels of plywood that were covered over with silk, and in order to keep them absolutely pristine, these cases were made as near airtight as possible. It turns out when someone got into one of the cases and took a look on the other side of those medals, that a chemical reaction had set up between the bronze and the gases that were let off by the plywood in the case. And since such pains had been taken not to let any ventilation come into the case, this deterioration was going on at a terrible rate, and thank goodness, we discovered it, and it's now rippled through the whole museum community, and we hope the word is out that people who have similar installations try to introduce ventilation into their cases rather than keep it out.

GS-15 LEVEL POSITIONS

Senator McCLURE. The fiscal year 1981 estimate showed six positions at the GS-15 level. The 1981 actual figures now show 12 people at that level. Isn't a 100-percent increase in the number of grade 15 positions rather unusual?

Mr. BROWN. Page 8-3, we have it as 12 in 1981; 12 in 1982; 12 in 1983. So the six was when?

Senator McCLURE. Your 1981 estimate showed six.

Mr. BROWN. That must have been an error then, because I think we have it reported as 12 in 1981.

Senator McCLURE. The actual was 12, but the estimate had been 6.

Mr. BROWN. I see. Then there was an error in the estimate. We'll look into that.

Senator McCLURE. And give us some information for the record, please.

Mr. BROWN. Yes, Mr. Chairman.

Senator McCLURE. Because, unless there was an error in the estimate, that is a rather startling increase, and a rather unusual increase, I might add.

[The information follows:]

The prior estimate for 1981 should have been seven GS-15 positions rather than six because of an error. The lower estimate for required GS-15 positions was obsolete and was made prior to a thorough review of job classifications, a review which was overdue because of the gallery's recent doubling in size, reorganization of functions, and the increase in responsibilities of a number of specific jobs. As a result of this review and subsequent experience over the past 2 years, five positions were reclassified to the GS-15 level to reflect the added responsibilities now carried with the jobs (Associate Secretary-Associate General Counsel, Personel Officer, and the heads of the conservation, graphic arts, and exhibits installation departments).

ADDITIONAL COMMITTEE QUESTIONS

Senator McCLURE. There will be some other questions to be submitted for the record for response in writing.

Thank you, Mr. Brown.

[The following questions were not asked at the hearing but were submitted to the Department for response subsequent to the hearing:]

ADDITIONAL COMMITTEE QUESTIONS

LANDS AND STRUCTURES

Question. The request for lands and structures has increased dramatically in recent years from an original fiscal 1981 appropriation of $264,000 to a 1982 request of $764,000. We understand that the required replacement of several major pieces of equipment such as air-conditioners, compressors, and generators has necessitated these requests. Can we assume that as these are one-time costs, that this category will decrease in coming years?

Answer. While the specific major items are nonrecurring, the age of the West Building and the complexity of the air handling (temperature and humidity) systems will probably require continued and extensive maintenance repairs and replacements. It is hard to forecast, for example, the need to replace broken glass or make other unanticipated repairs. In this past year, we had a serious fracture of a large eight ton piece of marble which fell from our roof line.

Question. What type of preventive maintenance program does the gallery have?

Answer. Each of the major trades (electrical, engineering, masonry, glazing, and horticultural) has schedules for maintaining major equipment and building components. By way of example, larger items such as chilled water fountain, and sewage pumps are overhauled annually as are the air handlers and the large (up to 1,250 tons and 1,750 horsepower) refrigeration compressors. Steam valves are repacked semiannually. Air filters in most instances are replaced quarterly. The chilled water sumps and fountains are cleaned annually and all switchgear electrical contacts are cleaned on the same schedule. The transformers are checked weekly and the four major ones tested annually. The air-conditioning spray chambers require weekly cleaning and maintenance. Cleaning, outside caulking, and repairs are performed annually during the warm months. Items such as electronic security devices, the East Building emergency generator, the escalators, the moving walkway, and the 14 elevators are tested on regular schedules, the latter receiving continuous maintenance. Unfortunately, additional positions approved by the Congress for our maintenance program have been frozen forcing us to defer or stretch out maintenance schedules for smaller motors and equipment.

COMPUTERIZATION

Question. An increase of $163,000 is requested to maintain present computer services. The total electronic data processing justified for fiscal year 1982 totaled $598,000. The 1983 justification shows an allowance of only $448,000 for the current year. To what use are you putting that $150,000 which is not being spent in fiscal 1982 for computer services?

Answer. The $150,000 reduction in the fiscal year 1982 EDP budget, from $598,000 in the fiscal year 1982 submission to $448,000 in the fiscal year 1983 submission, is not being put to any other use. The reduction was part of the additional 4 percent congressional cut agreed to by both the Senate and House on December 10, 1981, as applied to function D, general administration. This $150,000 reduction is shown on page 10–1 of our submission and is included in lines 23.0 and 26.0

Question. The gallery's data processing costs have been increasing steadily for at least the last 5 years. At what point can we expect the program to level off so that only inflationary costs are required?

Answer. The gallery's data processing plan has been divided into two main categories. Phase I, which took place during the last 5 years, was concerned with the conversion of an obsolete manual budget and accounting system into a computerized management information system.

The second phase of the information processing plan, which is expected to require 5 years for full implementation, addresses a gallery-wide information processing plan with heavy emphasis on the art inventory, movement and insurance controls, conservation, curatorial, research and educational aspects of the gallerys rather than just the routine reporting of the fiscal aspects of our activities. The implementation of phase II of the information systems plan will begin in August 1982 with the delivery of a leased IBM 4331 computer and related terminals and word processing equipment.

Regarding the leveling off of the information processing budgets, our current best estimates indicate that the major growth of the budget for this activity should occur in the next 3 fiscal years, and to be over with after that. Small incremental growth of this system is expected over the next 20 years until all appropriate activities have been included in an information storage and retrieval system that will include both on-site and off-site computers, terminals and word processors in a fully intergrated system that delivers essential services on a timely and cost-effective basis.

SUBCOMMITTEE RECESS

Senator McCLURE. The subcommittee will stand in recess until 8:30 a.m., Thursday, February 25, at which time we will take testimony from nongovernmental witnesses concerning the fiscal year 1983 budget requests for the Bureau of Indian Affairs, the Indian Health Service, and the Office of Indian Education.

[Whereupon, at 11:40 a.m., Monday, February 22, the subcommittee was recessed, to reconvene at 8:30 a.m., Thursday, February 25.]

DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1983

THURSDAY, FEBRUARY 25, 1982

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, D.C.

The subcommittee met at 8:30 a.m., in room 1318, Everett McKinley Dirksen Senate Office Building, Hon. James A. McClure (chairman) presiding.

Present: Senators McClure, Stevens, Schmitt, Burdick, and DeConcini.

NONDEPARTMENTAL WITNESSES

Senator McCLURE. The subcommittee will come to order.

Good morning. This is the time scheduled to hear nondepartmental witnesses with interests in the fiscal year 1983 budgets of the Bureau of Indian Affairs, the Indian Health Service, the Office of Indian Education, and the Navajo and Hopi Indian Relocation Commission.

As we have scheduled 77 witnesses that we must hear today, we ask that each of the witnesses abide by the 5-minute limitation on oral testimony. It is not necessary to read your entire statement, because the statements will be printed in full in the record. We invite you to summarize as quickly as you can, so we can keep on this schedule and get the work done that has to be done this morning.

When your name is called, please give one copy of your statement to the reporter and two copies to the committee staff.

The first witnesses represent the Crownpoint Hospital Planning Board, Inc.

STATEMENTS OF:

HOSKIE R. LARGO, CHAIRMAN, CROWNPOINT HOSPITAL PLANNING BOARD, INC., COUNCIL DELEGATE OF THE NAVAJO TRIBE, CROWNPOINT, N. MEX.

REGINALD BEGAYE, MEMBER, CROWNPOINT HOSPITAL PLANNING BOARD, INC.

Mr. BEGAYE. Honorable Chairman, I am Reginald Begaye, representing the Crownpoint Hospital Planning Board. This hearing marks the second time a representative of the Eastern Navajo has come to Washington to testify on the urgency and necessity of replacing the Crownpoint Hospital. The existing 39-bed hospital in Crownpoint, N. Mex., is nearly 42 years old. It lacks adequate space and equipment to provide necessary health care services to the people. As a result, patients needing specialized care have to be referred to other health care facilities to get medical attention. The long distance travel of 60 to 200 miles to these facilities is detrimental to the health of the patients.

SUMMARY

In June 1981, Congress gave approval for funding of the planning and architectural designing in the amount of $1,326,000 for the new health facility in Crownpoint. The funding was released to the regional office of facility engineering and construction—ROFEC—in Dallas, Tex., on January 7, 1982, for implementation of the planning and designing project. It is expected that the architectural designing will be completed as early as March 1983 at which time construction of the new facility can commence. Failure to receive congressional approval of first phase construction in the amount of $7,650,000 for the fiscal year 1983 appropriations will be devastating to the health and welfare of the people of Eastern Navajo. Therefore, we ask Congress to assign extraordinary priority to the replacement of the Crownpoint Hospital and to make immediate provision for funding to start construction of the new hospital as soon as planning and architectural designing are completed.

BACKGROUND INFORMATION

The Crownpoint Hospital is the health service center for nearly 15,000 Navajos scattered over a 4,000-square-mile area of desolate expanse of rough desert land in northwestern New Mexico. The land known as the Checkerboard Area or Eastern Navajo is located outside the Navajo Reservation adjacent to its southeastern boundary. In 1907, an Executive order temporarily extended the reservation over our territory, but that only facilitated land selections by the railroad and some individual Indian allotments. The Executive order was soon withdrawn, and ever since the area has been known as the Checkerboard Area, a no-man's land of individual trust allotments alternated with sections owned by the railroad, the State, non-Indians, local Navajo communities, such as Ramah, the Navajo Tribe, and the Bureau of Land Management. In many cases, our people live as they have lived for generations on land claimed by the Bureau of Land Management. Now, the Navajo tribal government has divided the area into local subdivisions known as chapters. The Crownpoint Hospital is therefore responsible for the health care service of 16 Navajo community chapters throughout the service unit area in Eastern Navajo—the largest number of chapters to be handled by a service unit hospital in the Navajo area.

Crownpoint Hospital has been in the planning and proposal state since 1963. Every public leader who has seen the existing facility in Crownpoint has expressed utter dismay over the unsafe and deplorable condition of the hospital.

The energy-impact crisis that was predicted in past testimonies is no longer a future condition. Major mining industries such as Mobil, Phillips, and Conoco have established themselves near Crownpoint for development of uranium and coal mining. Crownpoint is expected to become the hub of a key national mining development once the industries become fully operational. The old Crownpoint Hospital is no longer merely a local and regional blight, but a hazard to the health and safety of a key area in the national energy effort. The present facility cannot provide for the vital screening and treatment of radiation illness and other occupational hazards associated with uranium and coal mining. Recognizing that this would require expeditious planning, the Navajo Tribe and the Indian Health Service in 1978 placed Crownpoint on the highest priority for replacement of the existing dilapidated hospital. Each time, we have been shunted back and put off with promises for another year.

The Crownpoint Hospital Planning Board has been working since June 1979, in an effort to bring about the reality of a comprehensive health care facility to the isolated rural areas of Crownpoint to serve the service unit population. Since its inception, the following have been accomplished to meet the needs of the hospital replacement project: One, acquisition of 73.4 acres of Navajo tribal trust land donated by the Navajo Tribe to facilitate the construction of the new hospital and staff housing; two, approval of the program information document on January 2, 1982. The program information document serves as a reference to health care providers, planners, architects, engineers, interior designers, and others for designing, building, and providing the needed equipment for the new facility; three, acquisition of $1,326,000 for planning and designing of the new hospital on January 7, 1982; four, in-house work on the schematic design of the hospital initiated in January 1982 while awaiting the confirmation of the architect/engineering contract; five, scheduling of interviews with architectural/engineering firms initiated firms initiated February 1982; six, selection of an architectural/engineering firm who will design the new hospital is expected to be made by April 1982; and seven, the Indian Health Service timetable for completion of the planning and architectural design is March 1983.

APPRECIATION

Mr. Chairman, on behalf of the Crownpoint Hospital Planning Board, Inc., and the Navajo Tribe, I want to express my sincere understanding and support they have given to the people of Eastern Navajo. I seek your continued support to get necessary funding to construct the new health facility in Crownpoint.

Thank you, Mr. Chairman.

Senator McClure. Thank you, Mr. Begaye.

As you know, there was planning and design money provided in fiscal year 1981. We have no request for construction money. I know the need, and we will do the best we possibly can for you.

Mr. Begaye. Thank you, Mr. Chairman.

Senator McClure. Thank you.

The next witness, the Upper Colorado River Commission, Mr. Paul Billhymer, Hopi Tribe, tribal chairman.

STATEMENT OF IVAN L. SIDNEY, CHAIRMAN, HOPI TRIBAL COUNCIL

PREPARED STATEMENT

Mr. SIDNEY. Thank you, Mr. Chairman. I would like to submit a statement for the record.

Senator McCLURE. This statement will be placed in the record.

[The statement follows:]

STATEMENT OF IVAN L. SIDNEY

My name is Ivan L. Sidney, Chairman of the Hopi Tribe.

I welcome the opportunity to appear before this Committee to present testimony on behalf of the Hopi Tribal Council, the Hopi Tribe and it's people.

The request contained in this testimony is to be directed to:

AGENCY: Division of Facilities Construction
U.S. Department of the Interior
Bureau of Indian Affairs
P.O. Box 1248
Albuquerque, New Mexico 87103

APPROPRIATION: 2 Phased Construction Appropriation

Request for $31.3 million to begin construction FY 1983.

$15 million to begin Phase I of construction 1983 and $16.3 million to begin and end Phase II of construction 1984.

The testimony which follows identifies the need for an appropriation to begin construction of the Hopi Junior-Senior High School project, which is to be located on the Hopi Indian Reservation in Arizona.

The point of the testimony is to describe why it is essential that this project be continued in order to meet a dire educational facility need of the Hopi Indian. It is requested that this statement be made a part of the record of these hearings.

The Hopi people have appeared many times before this Committee to provide testimony in hopes of securing funds to build a badly needed Hopi Junior-Senior High School.

Our last testimony was presented on February 27, 1980. At the time of our last testimony, the Hopi Tribe had finished all phases of planning and design development and all which was needed was an allocation to begin the construction phase, a goal which seems still far from being met.

Since that time, Facilities Construction and Operation Improvement Development Development (FCOID) has blocked the progress of this facility construction by requiring the Hopi Tribe to redesign the total facility. Our concern is that we again have to wait 2 more years before our high school can be considered for construction until 1984, opposed to 1982. We are deeply concerned that such a delay would leave us vulnerable, as in the past, to changes in circumstances and policy resulting in still further delay. Inflation will certainly make a significant increase in the cost of the project and jeopardize our chances of building a quality facility. Yet of even greater significance, Mr. Chairman, is the effect this further delay will have on the Hopi people and their youth.

We are not merely building a physical facility but developing an educational program, a program which will have a tremendous impact on the future of the Hopi not only in education, but in the economic and cultural solidarity of the Hopi people. The denial of this facility in the past has forced Hopi people off the reservation to exercise their skill and provide decent education for their children.

The success of the education program depends on the active, positive involvement of the Hopi people. This involvement is there, but sorely tested in the face of continued raising then dashing of hopes. Each year of delay represents increased disillusionment and frustration;

one more year in which Hopi young people face long, dangerous and mind-dulling bus rides to high schools 60 to 80 miles distant. Worse still is the effect on the 400 Hopi high school students forced for one more year to attend Bureau of Indian Affairs boarding schools; schools whose deteriorating academic and social environment are not only inadequate but dangerous to the emotional and physical well being on our young people. The profound social ill effect of the lack of this facility on the Hopi people has been recognized by the Arizona State Juvenile Justice Advisory Council. After a visit to Hopi, the Council developed a resolution supporting the establishment of a high school and stated that "... the absence of a permanent high school and the present practice of sending Hopi youth off the reservation to distant boarding schools have a negative impact on the family unit and the social development of the reservation youth resulting in high levels of delinquency and alcohol abuse..."

We have appeared before this Committee on this topic four times in the last five years. We believe that our arguments justifying the establishment of a Junior-Senior High School on the Hopi Indian Reservation have been heard and well received. Progress has been made. Our argument today is for the immediate beginning of the construction phase.

I urge you and your Committee to favorably consider this request. I would like to thank the Committee for it's time. We also would like to encourage members of the committee to contact the Hopi Tribe if they have any questions regarding Hopi education. We would be most pleased to forward interested committee members additional information regarding tribal plans for the education of Hopi youth.

INTRODUCTION

Mr. Chairman and members of the Subcommittee: My name is Ivan Sidney. I am Chairman of the Hopi Tribal Council, Arizona.

The Hopi Tribe would like to bring to your attention, the following health care issues. This statement addresses two separate issues, first, the impact of the proposed elimination of the Community Health Representative Program from the FY 1983 Indian Health Service budget and second, is the release of Design Funds for a portion of the Hopi Medical Center mandated by P.L. 96-305.

The requests contained in this statement are for the following:

> Appropriation of at least FY 1982 funds for the Community Health Representatives Program under the Indian Health Service for FY 1983.
>
> Appropriation of $800,000 for the design of an acute care facility as the first phase in the development of a comprehensive health complex located on the Hopi Reservation.

The testimony which follows identifies the need for the appropriations to continue the Hopi Health Department programs and to initiate the design of the acute care facility. Further information is contained in "Health Care Issues" which is attached.

STATEMENT

The Hopi Health Department, established by the Hopi Tribal Council in 1973, has continued to grow over that period, and had a staff of around forty-eight people. The staff has been reduced and services curtailed due to FY 1982 budget cuts, which were applied across the board by the Indian Health Service rather than following Congressional direction. "The Committee directs that the reduction below the FY 1981 level be solely applied to those Areas which have increased medical staff in FYs 1981 and 1982 as a result of new construction." Although, we are trying to get a new hospital constructed, there has been now new construction, modernization or staff increases in the Service Unit supporting the Hopi Indian Reservation.

The Hopi Health Department provides a well-coordinated array of direct health care services, not provided by the Indian Health Service, to all 13 Hopi villages from Moencopi to Keams Canyon; a total distance of 120 miles. These services include Community Health Services, Behavioral Health Services, Community Health Education, Emergency Medical SErvices and Patient Transportation Services. The funding for these direct and preventive health services is from the IHS Community Health Representative Program.

Over 70 percent of the services provided by the Community Health Representatives, are to people aged 65 and older. These services include home health care, personal care, health education, physical therapy, medical assistance and supportive reassurance services. In addition, to providing extensive support to the elderly to remain in their homes, rather than being institutionalized, the CHRs provide optometry aide, medical records and medical assistance services to the Keams CAnyon IHS facilities.

The Hopi Emergency Medical Services provide emergency ambulance services and treatment, transport services for hospitalized patients, and outpatient treatment to more than 30 percent of the outpatients seen at the Keams Canyon IHS Hospital.

The Hopi Health Department programs have not duplicated nor supplanted Indian Health Service programs, but have been used to correct deficiencies documented in the Hopi Tribal Specific Comprehensive Health Plan. Elimination of the Community Health Representative program will worsen the reduction in Indian Health Services caused by budget cuts, inflation, and high personnel costs. The Indian Health Service could not afford to provide the same amount of services given their curre funding levels.

The Hopi Tribe has experienced innumberable delays in the release of $800,000 set aside by the Indian Health Service in FY 1981 for the design of a portion of the Hopi Health Complex, which was mandated by the Hopi and Navajo Relocation Amendments of 1980 (P.L. 96-305). To date, official action has not been taken to release this moeny. This is only one of the many delays experienced by the Hopi Tribe in this project.

The Hopi Tribe completed the first Program Information Document (PID) as the Hopi Health Complex Feasibility Study. Developed as an outgrowth of the Tribal Specific Health Plan, this document was submitted to the Indian Health Service in August 1980. In March 1981, IHS Headquarters concurred with the methodology and data presented in the Feasibility Study. The Phoenix Area and the Hopi Tribe completed a second PID based on these agreements.

In September 1981, the IHS Headquarters denied the Tribe the ability to provide reasonably available and accessible surgery services for their people now and 50 years from now, by not allowing the design of surgery facilities in the proposed hospital. The inclusion of surgical capability in the Hopi Complex was supported by the Feasibility Study, the Northern Arizona Health Systems Agency and the Indian Health Service's surgery consultant.

The IHS Headquarters has now directed the Phoenix Area IHS to prepare a third PID, before they will release the $800,000. Given the delays experienced by the Hopi Tribe over the last three years, it may well be another year before we could even begin to design a new hospital.

The concepts presented by the Hopi Tribe, represent the basic requirements in comprehensive health services for a reservation population. The construction of a centrally located Medical Center would address the needs which we identified in the Feasibility Study. Upon completion, this Medical Center would contain approximately 150 beds with a total space requirement of 146,000 square feet. In addition to a hospital with surgical capabilities,nursing home, alcoholism' rehabilitation unit and children's shelter, there is a requirement for housing and support services. We feel that these represent the minimum requirements to upgrade health care on the Reservation to a level comparable to that found in off-Reservation communities.

Thank you, I urger you to favorably consider this request.

Mr. SIDNEY. We are requesting the committee to continue appropriations for the Hopi high school and also appropriate funds for design of new a medical center. For the high school we need additional $31.3 million, $15 million in fiscal year 1983, $16.3 million in fiscal year 1984. And for our medical center, we need $800,000 for planning and design.

Mr. Chairman, we need these facilities. We need the high school; we do not have a high school on the Hopi Reservation, and we understand that the Bureau of Indian Affairs is going through a period of phasing out their off-reservation boarding schools, and the Hopi people are deeply concerned of nonexistence of a facility and having to attend schools off the reservation.

We need this facility, and Mr. Chairman, we want to thank your committee and your staff, who has always been helpful to our people.

Senator McCLURE. Thank you very much. The request we have received from the Bureau of Indian Affairs is $15 million for the high school. We will look at your request very carefully.

Mr. SIDNEY. Thank you.

Senator McCLURE. Thank you.

National Diabetes Advisory Board.

STATEMENT OF RAYMOND M. KUENE, EXECUTIVE DIRECTOR, NATIONAL DIABETES ADVISORY BOARD

PREPARED STATEMENT

Mr. KUENE. Mr. Chairman, Dr. Rubenstein could not be here this morning, so I am in his place. I am the executive director of the National Diabetes Advisory Board.

Senator McCLURE. You may proceed. Your statement will be placed in the record.

[The statement follows:]

Statement of Arthur H. Rubenstein, M.D., Chairman, National Diabetes Advisory Board

The National Diabetes Advisory Board was created by Congress to review and evaluate national diabetes-related activities and to report its findings annually to Congress. Diabetes and its complications have become a major health problem for American Indians. In recognition of this problem, the Board recommended and the Congress authorized a Model Diabetes Health Care Program to develop and evaluate culturally acceptable and effective methods to reduce the severity and expense of diabetes and its complications in the Indian community. The first five demonstration projects were authorized in FY 1979. Although the Board's plan calls for a total of ten project sites, the first priority this year is to strengthen the current five projects. The current budget of $907,000 has not been increased since FY 1979 and the effects of subsequent inflation pose a severe threat to the program's maximum effectiveness. A budget of $1.2 million is needed to maintain these five sites. An additional $200,000 is needed for training activities to facilitate the dissemination of current experience from the five projects to other clinics and reservations. The Board, therefore, recommends a total budget of $1.4 million in FY 1983 for this targeted demonstration program.

Since it is now possible to prevent or reduce many of the complications of diabetes, the model demonstration projects will be cost-effective. The short-term results will be a reduction of in-hospital days and amputations and better pregnancy outcomes. The long-term effect will also be measured in decreased patients with renal failure, blindness and visual impairment, and hypertension.

Although this program is very young, it has already had a major impact. It is too early to report generally on changes in health status in these areas, but one early report is very encouraging:

- In 1978, 15 patients with diabetes underwent lower extremity amputations at the Claremore, Oklahoma facility. In 1979, with the start of the model diabetes program, this number dropped 47 percent, to 8 amputations, where it remained during 1980. The Claremore data reflects the experience in the other non-IHS clinics where amputations have been decreased following similar initiatives.

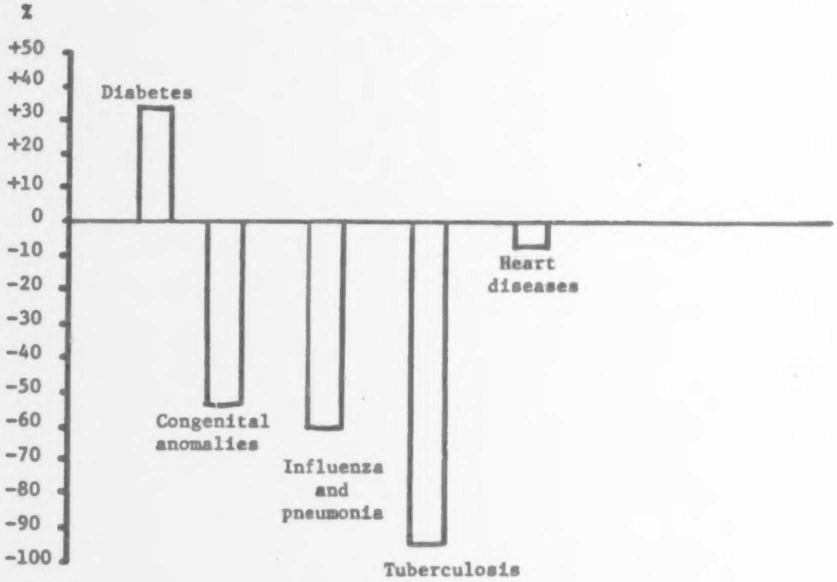
Diabetes is a major health problem for American Indians. In many tribes, over 30 percent of the adults are effected. Diabetes in this population is almost entirely of the non-insulin dependent type. However, it is occurring at an unusually early age, frequently in the teens and early twenties, with a resultant earlier onset of complications and excessive mortality in the early and mid-adult years.

- Age specific death rates for diabetes in the American Indian population are 3-4 times higher in the 25-54 year old age groups as compared to the general population.
- The complications of diabetes are appearing with distressing frequency: amputation rates are 2-3 times the general U.S. population and renal failure (requiring kidney dialysis) is 20 times as high.
- According to a recent study in the Ute Indian tribe, the prevalence of diabetes is four times the statewide rate and the rate of diabetic kidney disease is 43 times the rate for Utah diabetics generally.

The impact of many other diseases have been considerably reduced in the Indian population as a result of special initiatives (see table below). However, these general improvements in Indian health have not been extended to the problems of diabetes. Clearly, diabetes is a major challenge which must be met with the same dedication of resources and personnel which have successfully reduced other health problems in the Indian communities.

While there is a great need for improved diabetes care throughout many of the Indian communities, the modest budget of the current program would

Changes in Selected Mortality Rates for Indians and Alaska Natives 1955-1978



be dissipated without tangible effect if distributed over a wider area. At this stage of development, the model sites are the best way to develop, evaluate, and demonstrate effective interventions in diabetes treatment The five sites are located at Fort Totten (North Dakota), Claremore (Oklahoma), Winnebago (Nebraska), Sacaton (Arizona), and Albuquerque (New Mexico). Each project serves a unique group of people with their own distinctive language, tradition, and food habits. The service areas covered by the five clinics encompass approximately 10 percent of the total population cared for by IHS. During FY 1981, there were over 8,000 patient encounters in the five diabetes clinics. 1,700 patients were referred for eye care or podiatric services related to diabetes. The volume of service reflects the high prevalence of diabetes in the communities. Yet, in the presence of this patient volume, each project has achieved a unique blend of service and education specific to local needs.

Several examples show the nature of these model projects. In Sacaton, initiatives for pregnant diabetics and for overweight and diabetic teenagers have been organized. School curricula on diabetes have been designed for several age groups. Health care professionals have organized weight loss teams in the Fort Totten areas with excellent client response. The Albuquerque area program, in cooperation with the Swanson Foundation, has developed a very useful and popular picture diet manual for Southwestern Indian foods, and educational materials have been adapted for the Navajo. The Claremore program includes a day care program to support a comprehensive examination and education program. The health team has also begun to move patients from insulin therapy to diet therapy via a hospital-based fasting program. The IHS Diabetes Program is also working with other organizations, including the Centers for Disease Control, the National Diabetes Information Clearinghouse, and the National Indian Health Board.

Numerous tribal groups and service units have requested technical assistance in planning local efforts and there is an urgent need to train health care staff in effective treatment methods for diabetes. However, the financial and personnel resources for such outreach activities are severely limited at the present time. The Board's budget recommendation for FY 1983 includes funds to begin a modest outreach program.

In summary, the Board is pleased that Congress has given a high priority to the model diabetes demonstration program. We will continue to keep you informed of progress in this important activity. The Board recommends a total budget of $1.4 million in FY 1983 for the program.

Mr. KUENE. I think I can summarize our testimony in just a few minutes for you. First, to let you know that the board was established by Congress about 4 years ago. Members were appointed by the Secretary of Health and Human Services, and their mission is to review all of the activities, particularly in the Federal sector, that impact upon diabetes in any way, both research and treatment, and the control of the diseases. We monitor the programs and advise agencies, including the NIH Centers for Disease, Indian Health Service.

And as to the nature of the problem, I am sure you are familiar with the problem of diabetes in the population generally; however, in the Indian population, the extent of the disease is considerable. The extent of diabetes is at least three to four times that of the average U.S. population. The rate of complications is considerably higher in the Indian populations where these surveys have been made so far. I will give you one example, you will find on the second page of the testimony. Among the Ute Indian Tribe recently statistics are available showing that the diabetes rate is four times that of the statewide rate. The complications are very high. One of them, for example, of kidney disease is 43 times the rate for Utah diabetes generally.

So not only is there a high incidence of the disease, but the complications are astronomically higher than in the U.S. population generally or in the diabetic population generally.

Now to combat this, the board recommended to the Congress back in fiscal year 1979 that there be established some diabetes model programs to develop effective, culturally effective ways to treat this disease and reduce the complications in this Indian population. Five sites were established. Funds were provided to the Indian Health Service in fiscal year 1979 to fund 5 of what was eventually planned to be 10 of these sites. Those five have been in operation since 1979. They are located in Arizona, New Mexico, Oklahoma, North Dakota and Nebraska.

Now while it is too early to indicate exactly in detail the impact of those sites so far, we have cited one interesting example already in the Claremore, Okla. facility, where the rate of amputations have been reduced as a result of this initiative.

These funds, currently, to support these five sites, they are funded at a rate of $907,000 in the previous year. This is not a line item in the budget, but the Indian Health Service was provided additional funds for this purpose. These funds have not increased since 1979, and we recommend that they be funded at the rate of $1.2 million to continue their existence.

We have previously asked for five additional sites to be established. Mr. Chairman, it is our feeling that in this particular budget year, we probably should not ask for those five sites this year, but we would very much recommend that the budget for the existing five be increased to $1.2 million. We are also recommending an additional $200,000 be added to that program to start some initial efforts to train people in other reservations to start to transfer out the information that is being obtained in these five sites for the benefit of other reservations.

So we recommend, in summary, $1.4 million for this program in 1983.

Senator McClure. Thank you very much. I appreciate the testimony. We will look into that very carefully. Obviously, the need is great.

Mr. Kuene. Let me point out the chart that I have on the second page of the testimony. Health care, generally, for Indians has improved. Many of the diseases have been reduced considerably; diabetes is going up.

Senator McClure. I understand that. Thank you very much.

Northwest Portland Area Indian Health Board.

STATEMENT OF FELICIA HODGE, EXECUTIVE DIRECTOR, NORTHWEST PORTLAND AREA INDIAN HEALTH BOARD

ACCOMPANIED BY DELBERT FRANK, CHAIRMAN OF WARM SPRINGS TRIBE AND MEMBER, INDIAN HEALTH BOARD

Ms. Hodge. Good morning. I am Felicia Hodge, executive director of the Northwest Portland Area Indian Health Board. With me is Delbert Frank, chairman of the Warm Springs Tribe, also one of our board members.

We are testifying on behalf of the board, which represents the 34 federally recognized tribes in the three-State area of Washington, Oregon, and Idaho. We estimate there are over 100,000 Indians in the three-State area; however, only 60,000 receive health services from Indian Health Service.

We want to bring to your attention that there is no Indian hospital in the Pacific Northwest. We are almost totally dependent upon contract health services for the following services: 100 percent of hospitalization; 25 percent of routine ambulatory care; 100 percent of specialist referrals; 35 percent of dental services; 100 percent of optometric services; and 75 percent of audiology services; 80 percent of emergency transportation; and 100 perent of emergency room services.

In fiscal year 1982, our direct health services cost increased approximately 14 percent for the cost-of-living raise; however, we received only a 3-percent cost-of-living raise. In fiscal year 1983, we see no increase in contract health services to cover the cost of our care, and we feel that we are actually getting a decrease in direct patient care. And to illustrate this point, since last July 1981, our Portland area, the three-State area, has been on priority No. 1 under contract health services. We expect to continue to be on priority No. 1 throughout the rest of this year and into fiscal year 1983.

You might ask what priority No. 1 means. That means that when an Indian patient requires hospitalization or surgery, the physician at the IHS clinic has to certify that that patient is in an emergency and life-threatening situation. If they are not in a life-threatening situation, then they are told that they have to wait and be put on a deferral list until there are funds to provide surgery or until the patient becomes in an emergency life-threatening situation so the doctor can certify that.

So you can see that if this patient has to wait for so long for their health to deteriorate to such a point, then it is actually going to cost Indian Health Service more to treat this patient.

On the second page of my testimony, I have illustrated a chart which shows the deficiencies we are facing in the fiscal year 1982 budget. The Indian Health Service in our Portland area has reported to the tribes that currently we are facing a $5 million deficiency. This deficiency includes $2 million in hospitals and clinics and a deficiency of $2 million in contract health services. In addition to this $5 million deficiency, we have had to absorb over $1 million of the pay act costs for this year. Over the last 3 years, the Indian Health Service has had to absorb the following amounts for the pay act costs. That is the cost for the Indian Health Service employees' cost-of-living raises. In 1980, it was $193,600; in 1981, it was $331,000; in 1982, it was $948,000. And in fiscal year 1983, we estimate it to be over $1 million.

So as you can see, with over a $5 million deficiency already, right now in our budget, we are having difficulty justifying providing the pay act increases to the IHS personnel, which will increase our deficiencies by another $1 million. Therefore, we are requesting Congress to enforce a reduction-in-force in the Indian Health Service. We feel right now that they are a little top-heavy adminstratively. We have met with Indian Health Service, and they have also said there is nothing they can do with the staff in their area that they feel are as low priority. They cannot get rid of them unless they have authority through the RIF.

The Indian Health Service headquarters is the one who has to submit the RIF to Secretary Schweiker and then he gives approval for it. If we are unable to enforce a RIF, then throughout the rest of this year and next year, we will have to pay for IHS employee costs.

PREPARED STATEMENT

Senator McClure. Thank you very much. Your entire statement is placed in the record. We will do the very best we can, but as you know, it is a tight budget. We are going to take a careful look at it.

Ms. Hodge. Thank you.

[The statement follows:]

STATEMENT OF FELICIA HODGE

The Northwest Portland Area Indian Health Board, representing the thirty-four federally recognized tribes in the states of Washington, Oregon and Idaho, and as delegated by the tribal governments by resolution, appreciates this opportunity to meet with you today to bring to your attention the severe hardships recent reductions and proposed cuts in the IHS budget are having and will have on our health care services to our Northwest Indian Tribes.

The provision of health services to Indian people is the responsibility of the Indian Health Service. This responsibility has been confirmed repeatedly by Congress through legislation, as well as through the courts. In the Pacific Northwest, over 100,000 Indians live on reservations, in urban areas and in small communities. Of these, approximately 60,000 Indians received health services through the Indian Health Service system last year. (see appendix A)

The FY 1983 IHS budget is not sufficient to provide adequate health care services to meet the goal of the administration to raise the health status of American Indians to the highest level possible.

Recent statements made by DHHS Secretary, Richard Schweiker, indicated that the administration's IHS budget proposal for FY 1983 will allow IHS to "maintain the existing levels of direct health care services and to fund selected program expansions by refocusing resources from non-patient care activities." In the Portland Area, this is not true. The proposed budget will cause severe reduction in the availability of direct health services as did the 1982 budget. The following illustrate this impact:

Contract health services are severely inadequate and diminishing. Since the Portland Area has no IHS hospital and limited outpatient facilities, IHS must purchase private-sector health care and hospital services through the contract health services program. Our outpatient clinics, [illegible] of which are in dire need of replacement, provide only a small percentage of our health services. Our Northwest tribes rely greatly on the contract health services program for the following services: (see appendix B)

100% of Hospitalization
25% of Routine Ambulatory Care
100% of Specialist Referrals
35% of Dental Services
100% of Optometric Services
75% of Audiology Services
80% of Emergency Transportation
100% of Emergency Room Services

In FY 1982, this essential direct health service program received an increase of only 3% to pay for services which cost, on the average, 14% more than the year before. In FY 1983, the CHS budget is not expected to increase enough to offset the increased cost of care in the private sector. Even without considering the expanding population eligible for services, this is a decrease in direct patient care.

In 1981, the Portland Area CHS program was on restricted priority 1 status (urgent and emergent care only) for six months. In FY 1982, we are expected to be on priority 1 all year. The PAO-IHS has already notified our office that we are facing a projected two million dollar deficit in CHS funds, which will deny our patients the following essential services:

3,241 hospital days
5,363 ambulatory care visits for our restricted population;
3,713 specialty visits;
1,020 dental visits; and
$204,204 reduction in miscellaneous costs.

Will some of our Indian patients be denied even emergency care in FY 1983? We see no alternative.

The closure of the Seattle Public Health Service Hospital has increased hospital costs for Indian patients.

The U.S. Public Health Service Hospital is no longer a federal hospital. In the past, we have enjoyed a contract with this hospital through BMS, which provided good quality care at a reduced rate. However, now that this contract is no longer in force, IHS must purchase other hospital services at over twice the cost of care in the PHS hospital. This factor has apparently not been considered by the administration in its budget calculations.

Preventive health services are falling by the wayside. Secretary Schweiker claims that the administration has placed "our emphasis on preventive medicine and health promotion, making 'wellness' as pivotal as treating sickness." This has not been the case in Indian health programs. Instead of funding preventive services, the administration in FY 1982 reduced the preventive services budget by ten percent. Now in FY 1983, they want to reduce it by another fifty-six percent. In addition to the CHR program, preventive services affected will be public health nursing, sanitation, and health education.

With IHS preventive services cut to minimal levels and hsopital care reduced to "emergency only", this hardly amounts to an emphasis on wellness. We foresee our patients having to wait several months until their illness and disease progress to the stage of "life-threatening", thus actually costing more in the long run.

Community Health Representatives (CHRs) play an important health role in the community. [illegible] wear many hats. They are direct care providers and health educators as well as administrators. (see appendix C)

The FY'83 IHS budget completely eliminates the CHR program. The loss of such a successful program will impact the Indian community in the following ways:

Accessibility - the ill, elderly, very young, or disabled will no longer have easy accessibility to the medical provider. CHRS currently provide not only transportation, but act as liaisons and patient advocates.

Availability - direct services currently provided by CHRs, such as well-child clinics, specialty clinics, home health care, etc., will no longer be available to those in need.

Acceptability - CHRs are acceptable to the community. They are tribal members and employees, many of whom speak their own tribal language, thus forming a link between patient and provider.

Trying to save money by eliminating the CHR program is a poor economy, because the CHR program is extremely cost-effective. The preventive, primary care, and rehabilitative services provided by CHRs help to keep Indian patients out of the hospitals and nursing homes, which as we all know are prohibitively costly.

The cost of providing IHS employees their annual Pay Act increase has resulted in decreased services to our patients.

In past years, the annual IHS personnel salary raises were covered through PHS supplementals. . .s is no longer the case. FY 1982 saw no allowance whatsoever for the Pay Act cost. The IHS budget for FY 1983 allows only a 13M dollar increase for the Pay Act cost in 1982, while the actual required amount for the cost of the 1982 Pay Act increase is 18.045M dollars. This can only mean that the IHS will have to lay off direct care clinical personnel in order to stay within its budget, or absorb the costs through Indian health care programs, thus decreasing services.

The following illustrates the deficiencies by category for the Portland Area Indian Health Service:

FY 1982 Budget Category	Allowance Proposed	Deficiency	Pay Act Cost
Hospitals and Clinics	$ 8,500,000	$1,942,000	$400,000
Dental	961,000	175,000	100,000
Maintenance and repair	142,000	5,000	
Mental Health	651,000	68,000	44,000
Contract Health Services	15,144,000	1,865,000	
Preventive Services	3,213,000	140,000	
Program Management	2,542,000	805,000	242,900

TAL DEFICIENCY = $4,993,000

In the past three years, IHS has had to absorb the following amounts for IHS "Pay Act" salary increases: 1980 - $193,600; 1981 - $331,000; 1982 - $948,000; 1983 - $1,000,000 (est.).

Need for Reduction In Force (RIF) authority in IHS - If Congress cannot find the means to adequately fund Indian health service programs, then we urge the Secretary of HHS to take immediate action to implement a reduction in force in the IHS in order to free all possible funds for direct patient services. We insist that IHS submit its reduction in force request immediately. With every day of delay, the amount of the deficiency becomes greater and the more difficulty there will be in recovering from the deficiency.

RECOMMENDATIONS

We understand that, with the current state of the national economy, federal spending must be controlled. However, Indian health care is an entitlement, bought with the blood and the vast lands of our ancestors. Our treaties with the Federal Government include the provision of health services. This promise, seen as a contractual agreement, has not been adequately fulfilled. We strongly feel that health services are an entitlement, not a welfare program, and we wish to maintain this entitlement for the health and well-being of our people.

These critically-needed health services should remain in the federal "safety net" as President Reagan originally promised. Cutting services to the extent proposed would opardize the health gains made over the last twenty-five years and halt progress in raising Indian health to the level of the general population.

With regard to the FY1983 budget, we feel that the following recommendations are necessary and defensible:

(1) Direct health services and preventive services should receive greater priority over administrative costs The contract health services budget must be increased to allow our Northwest patients to receive hospital care before their lives are endangered. The CHR Program, an integral part of the Indian health care system, must be preserved. An emphasis on preventive care is needed and will save the taxpayers money in the long run.

(2) IHS administrative restrictions must be addressed. In order to allow IHS to focus on patient care, we recommend that IHS be given RIF authority and required to immediately begin a reduction in less essential and duplicative administrative staff. This will help to reduce deficiencies in both the 1982 and 1983 budgets. Congress should also provide adequate funds for 1982 and 1983 and all future mandatory pay increases for IHS staff. Necessary direct patient services should not be reduced to pay for these raises.

(3) Tribal-specific health plans should be used as the basis for IHS planning and services. During the past three years, all Northwest tribes have completed tribal health plans which analyze health needs and set priorities among health services. These plans and riorities should be considered in all IHS planning and budgeting at both the national and egional levels.

More innovative and cost-effective methods of providing health care to Indian people can and should be developed. Changes in federal regulations, policies, and procedures are needed. However, wholesale cuts in all Indian health resources without accompanying regulatory and procedural changes can only be damaging to the Indian health delivery system and the health status of the Indian population. (see appendix D) In keeping with the federal commitment to Indian self-determination, Congress should look to Indian tribes and Indian health advisory organizations for ways to improve and streamline Indian health care. We are ready to help in directing that change.

STATEMENT OF ELAINE WALBROEK, DIRECTOR, MASTER OF PUBLIC HEALTH DEGREE PROGRAM FOR AMERICAN INDIANS AND ALASKA NATIVES FOR SCHOOL OF PUBLIC HEALTH, UNIVERSITY OF CALIFORNIA, BERKELEY

Senator McClure. The next witness is Elaine Walbroek, director, master of public health degree program for American Indians and Alaska Natives for School of Public Health, University of California, Berkeley.

Ms. Walbroek. Thank you for letting me appear before you today. I am speaking on behalf of four universities' Schools of Public Health, University of California at Berkeley, the University of Oklahoma, the University of North Carolina, and the University of Hawaii.

We have been concerned with the training of Indian persons in public health over a number of years. The University of California program started in 1971, and we have had over 160 Indian students and Alaskan native students through our programs. A listing of those students are behind—I think there is an attachment to our testimony—I'm very glad to see that two of our graduates are here in this room today speaking on behalf of their own programs. Many others hold very significant positions around the country. Yesterday at the House hearings, I was able to greet six of our graduates who were speaking on behalf of programs from Navajo to Alaska.

I think I would like to point out that the students who hold degrees from our program: clinic administration, hospital administration, health education, epidemiology and environmental health management, biomedical laboratory sciences, gerontology, occupational health biostatistics, health planning, public health nutrition, behavior sciences with an emphasis on alcoholism, and maternal and child health. These are the kinds of positions and training that provide the support, structure, and the framework in which medical care services can be delivered. And they are essential, if these services are going to be offered.

As far as the justification for the program, according to the national plan for the period 1976 to 1979, there were 22 tribal feasibility projects, 132 tribal planning and evaluation projects, 475 tribal development projects, 1,082 tribal operations contracts for tribal health programs. So that in 1979, tribes and other Indians were operating three hospitals, 203 health clinics and many, many other health stations in remote and isolated areas.

Again, it is essential that you have Indian trained manpower to run these installations. Even though we have 485 graduates to date, this number is very small compared to the need. We have 276 administrators indicated on the graph in the table that is attached to the testimony that was presented to you. Two hundred seventy-six administrators are needed to reach parity for the tribes. There are 77 public health social workers needed to reach parity, at least 23 in the field of dietetics and nutrition, and these are so important to cope with problems in diabetes control and obesity and even malnutrition.

There should be recognition taken that there are changing patterns in health problems. Tuberculosis and other diseases have been eradicated, but there are those that are rooted in individual and family behavior and social and economic circumstances of Indian communities, and this points out the need for health educators. The national plan has indicated that we need at least 154 to work with Indian Health Service to reach parity with the majority population.

I think it is important to point out that the Indians versus non-Indian employees in 1979, only 50 percent of the Indian Health Services' chief professional officers were Indians, and they, out of that total of Indian health professionals staff that was directed by these professional, chief professional officers, only 20 percent were Indians.

So we are speaking to the need to replace these people, these Anglos who leave and go on or retire, working in other areas, to be replaced by Indian people who are professionally and competently trained.

There is a recommendation of the national plan urging that the Department of HHS support IHS's goal, which recommends Indian tribal governments be the appropriate unit for planning, organizing, and delivering health and human services, and this points to the need of where are you going to get the manpower? Are you going to be employing Anglos, non-Indian persons, to head these programs? We are requesting $240,000 for the four universities for this effort in 1983.

Many thanks for your time.

PREPARED STATEMENT

Senator McCLURE. Thank you very much. We will take a careful look at it. The funding level is supposed to remain level. I do not know whether that allows any new positions.

Ms. WALBROEK. This is the same level that was funded for fiscal year 1980, $240,000.

Many thanks.

Senator McCLURE. Thank you very much. We will place your statement in the record.

[The statement follows:]

STATEMENT OF ELAINE WALBROEK

SUMMARY: $240,000 is requested for the continuation of the Master of Public Health Degree Programs for American Indians and Alaska Natives at four Schools of Public Health, at the Universities of California (Berkeley), Hawaii, Oklahoma, and North Carolina. This represents the same amount awarded in FY1980.

PROGRAM DESCRIPTION: Designed to materially increase the number of American Indians and Alaska Natives in public health graduate studies, the four programs are concerned with the student identification, recruitment, advocacy, training, retention, and eventual employment in various fields of public health. Currently there are 58 American Indian and Alaska Native graduate students enrolled in the following MPH specialties: clinic and hospital administration, health planning, health education, biostatistics, epidemiology, occupational health, environmental management, biomedical laboratory science, gerontology, maternal and child health, behavioral science with an emphasis on alcoholism, and nutritional science.

PROGRAM JUSTIFICATION: According to the National Plan[1], in FY76-79, Indian Health Service (IHS) funded 22 tribal feasibility projects, 132 tribal planning and evaluation projects, 475 tribal development projects, and 1,082 tribal operations contracts for tribal health programs. As a result, tribes and other Indian organizations in 1979 operated three hospitals, 203 health clinics, and many other health stations in isolated, remote communities.

The National Plan also identified health professionals needed to meet Indian health manpower requirements. Even though there have been 185 graduates[2] in various public health specialties from the four programs, this number is small compared to current and projected need. There are 276 administrators required to reach parity for tribal groups and for urban Indian groups, at least 77 such professionals. In public health social work, 154 are needed to reach parity, with only 12 public health social workers in IHS. In the field of dietetics and nutrition, 231 such workers are required to cope with the multiple health problems associated with nutrition, including obesity, diabetes control, and even malnutrition. Indian Health Service employs 32.

The National Plan points out the changing pattern in major health problems now confronting Indian people, which are those "rooted in individual human and family behavior and in the social and economic circumstances of Indian communities." The same plan points out that 154 health educators, who are among the front-line professionals to deal with such problems, are needed to work in Indian programs directed to education and behavioral change. There are 15 health educators employed by Indian Health Service.

Looking at the figures of Indian versus non-Indian employees in 1979, only 50% of the IHS Chief Professional Officers are Indian, and out of the total IHS professional staff directed by these Chief Professional Officers, only 20% are Indian. There is need for hospital and clinic administrators, planners to organize, develop, and administer programs—without them there would be few adequate institutions or organized frameworks in which clinical personnel could work. There is need for sanitarians, environmental engineers, program developers and managers, biomedical laboratory scientists, alcohol and maternal and child health specialists, gerontologists, epidemiologists, occupational health specialists, nutritionists, behavioral scientists, public health nurses, and other public health professionals to make an impact on the enormous problems that still exist on Indian reservations and among clusters of Indians in urban areas. Sanitarians and environmental engineers are urgently needed. For example, there are approximately 600 Indian communities which need essential water and sewer facilities.

There is a recommendation in the National Plan that urges the Department of Health and Social Services to support Indian Health Service's goal which in turn recommends that Indian tribal governments be the appropriate unit of government for planning, organizing, and delivering health and human services to members of their reservation. Such recommendations can never be successfully implemented without competently trained Indian professional personnel.

There are so many unfilled positions that demand Indian personnel it would seem inefficient and uneconomical to stop the most significant programs which are responding to Indian health manpower demands, and at the same time meeting the legislative intent of the Indian Self Determination Act, that Indian people be responsible for the direction of their own affairs. There can be no true Indian self-determination without competent, trained Indian professionals.

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[1] National Plan for FY1981-84, Indian Health Care Improvement Act, DHEW Publication No. (HSA) 80-1021, December, 1979.

[2] See attached list of University of California (Berkeley) Graduates, as samples of training received and current employment.

These funds ($240,000) are requested to continue these programs and to train such professionals.

BACKGROUND: Representatives of the Indian programs in the four Universities have been working together for three years, with meetings and continuous telephone and written communication concerning program development, referral of Indian students, and shared experiences in terms of residencies, field training, retention efforts, and curricula. A course developed and taught for six years at UC-Berkeley "Indian Health Care: Past, Present, and Future" has been exported to Hawaii, where it will be given for the third time this spring, 1982. There is shared follow-up on Indian student applications. Another course at UC-Berkeley, "Issues and Perspectives on Indian Mental Health: Strategies and Interventions" is offered and the material, syllabus, and text is available to the other Schools interested in the course. Another course by an Indian faculty at North Carolina deals with "Indian Experience and the Health Issues"; and several seminars have been developed at the University of Oklahoma relating to health care and the Indian Health Service. Audio visual material developed on the different cooperating campuses are being shared as well, including slides, video, and 16mm films.

A study to aid materially in long range planning for Indian health manpower development is being planned cooperatively.

CURRENT PROGRAMS: University of California, Berkeley: There have been 164 Indian students enrolled since the program started in 1971, with only a 12% dropout rate; 122 have graduated and there are currently 23 enrolled. Ninety percent of the graduates work in Indian related programs with one-third with IHS programs. The University has committed over $120,000 in traineeships and tuition to Indian students for this year. No 104 Scholarships were awarded to incoming students. As a spinoff, there is now an MSW Degree Program in Social Work and Community Mental Health, with a three-week summer preparatory program offered as a cooperative effort between the MPH and MSW programs.

University of Hawaii: Since the establishment of the School in 1962, over fifty graduates have been either employees of IHS or have subsequently joined IHS. Prior to the start of the Indian program in 1979, only two were American Indians. Since then, twelve students have graduated, with five now working with IHS, and three others with tribal health programs. The program has had great commitment from the University including development of Indian related curriculum and specialized field training.

University of North Carolina: The program represents the efforts of the only major School of Public Health on the Atlantic seaboard to encourage eastern Indians to graduate school. Since it started, the number of Indian students matriculating has increased significantly. In 1979 there were only three Indian students in the entire School; currently there are ten. There has been zero attrition among the admitted students and four are expected to graduate in 1982.

University of Oklahoma: Oklahoma services the large Indian population in the central part of the country. Out of the 47 graduates, 28 are with IHS, and six are in tribal related health programs. Eleven are in the private health sector. Their graduates, as all of the graduates, hold significant positions serving in administrative capacities. Some are in air and water control programs, environmental health engineering programs, occupational health and industrial hygiene, in sanitation programs, serving as biostatisticians, epidemiologists in Indian aging and mental health programs. It might be noted that only five of the current 19 students enrolled are receiving IHS 104 scholarships.

There are no new 104 scholarships awarded to UC-Berkeley, none to Hawaii, and none to North Carolina for incoming students. With such support essential for student retention, it is hoped that funds will be retained and increased for Section 103 and 104 scholarships.

TABLE I - A HEALTH PROFESSIONALS REQUIRED TO MEET INDIAN HEALTH MANPOWER NEEDS
PROJECTED U.S. CENSUS BENEFIT PACKAGE

Health Profession	U.S. Ratios (Pop. to Provider)	Number Required to Reach Parity Urban*	Tribal**	Current IHS Staff	Required
MOD-VOPP					
Medical	611	302	1,370	550	1,194
Osteopath	13,510	17	62	62	17
Dentist	1,650	141	620	227	407
Optometrist	10,869	22	77	0	99
Podiatrist	21,736	11	39	0	50
Pharmacist	1,580	148	530	206	472
Veterinarian	7,936	135	106	0	241
Registered Nurse	279	837	3,002	1,464	2,375
Allied Health					
a. Practical Nurse	374	625	2,239	1,201	1,663
b. Audiology/Speech Path	13,510	17	62	2	77
c. Laboratory Technician	1,497	156	560	184	532
d. Dental Group	0	89	321	272	170
Dental Hygienist	6,114	0	0	0	0
Dental Technicians	4,553	0	0	0	0
e. Administrators	3,030	77	276	63	290
f. Environmental Health Engineers Technologist	3,968	59	211	431	0
g. Radio. Technology	2,325	101	360	184	277
h. Dietetics and Nutrition	3,623	65	231	32	264
i. Social Work	5,434	43	154	12	185
j. Health Education	5,434	43	154	15	182
k. Health Records Adm.	17,833	13	47	15	45
l. Physical Therapy	7,133	33	117	12	138
m. Occupational Therapy	14,266"	16	59	0	75
n. Math/Statistics Group	14,284	16	59	55	20
o. Psychologist	12,195	19	69	12	76
SUB TOTAL		3,065	10,725	5,007	
GRAND TOTAL					8,849

* Population 233,651 -- projected to FY 84.
** Population 837,661 -- projected to FY 84.

From: National Plan for Fiscal Years 1981-1984, Indian Health Care Improvement Act, Public Law 94-437, DHEW Publication No. (HSA) -1021

MPH PROGRAM FOR AMERICAN INDIANS AND ALASKA NATIVES

School of Public Health - University of California - Berkeley

EMPLOYMENT OF GRADUATES

1971-1983

1972 Graduates

UC[illegible]	Cayous, Alan	HAP	Apache-Mission	IHS: Asst. Director of Planning/Evaluation, Portland Area Office; Portland, Oregon
UCB	Deer, Fred	HAP	Creek	IHS: Deputy Director, Office of Alcohol, Rockville, Maryland
UCB	Pourier, Lydia	HAP	Navajo	Data Manager, Office of Health Planning, State of Nevada, Carson City, Nevada
UCB	Smith, Leonard	HAP	Chumash	Planner, LA Health Development & Planning Agency, Los Angeles, CA.
UCB	Toledo, Jose	HAP	Jemez Pueblo	Health Worker, Jemez Pueblo, New Mexico

1973 Graduates

UCLA	Baines, Conrad	HA	Thlingit-Tsimpsian	Medical Student, University of Wisconsin Medical School, Madison, WI
U[illegible]	Young, Tandy Christy	HOSP	Choctaw	IHS: Health System Specialist, Phoenix Area Office, Phoenix, Arizona
UCB	Hoskie, Peter	HAP	Navajo	IHS: Director of Community Health Services, PHS Hospital, Crownpoint, New Mexico
UCB	Muneta, Anita	HAP	Navajo	Director, Urban Indian Child Resource Center, Oakland, California
UCB	Patrick, Cecil	HAP	Navajo	Assistant Director, Urban Indian Child Resource Center, Oakland, CA
UCB	Pedro, Georgia	ENV	Laguna Pueblo	IHS: Chief Planner, Albuquerque Area Office, Albuquerque, New Mexico
UCB	Pourier, Vincent	HOSP	Sioux	IHS: Service Unit Director, PHS Hospital, Schurz, Nevada
UCB	Singyke, Robert	HAP	Eskimo	IHS: Executive Officer, Anchorage, Alaska
[illegible]	Townsend, Walden	HAP	Shoshone	Cultural Coordinator, Indian Center, Santa Barbara, California
UCB	Webb, Gordon	HAP	Nez Perce	Law Clerk, HUD, Indian Sect., San Francisco, California
UCB	Welbourne, Tennyson	HOSP	Cheyenne-Arapahoe	IHS: Service Unit Director, San Carlos, Arizona

1974 Graduates

UCB	Begaye, Reginald	HOSP	Navajo	Faculty, Ganado College, Navajo Reservation, Ganado, Arizona
UCB	DeRoin, Dee Ann(M.D.)	H.ED	Iowa	IHS: Medical Officer, Haskell Indian Junior College, Lawrence, Kansas
UCB	Deer, Nona	NA	Navajo	Community Health Nurse, Montgomery Community, Rockville, Maryland
UCLA	Escarcega, Robert	HA	Assiniboine	IHS: Mental Health Specialist, PHS Indian Hospital, Harlem, Montana
UCB	Freeman, Ron	HOSP	Creek	IHS: Service Unit Director, Ft. Yuma, AZ
UCB	McKinzie, Norma	NA	Eyak	
TEX	Hubbard, John	HA	Navajo	Doctoral Student, Public Policy, Arizona State University, Tempe, Arizona
TEX	Olague, Patrick	HA	Quechan	IHS: Health Educator, Ft. Yuma, AZ

UCB	Tenorio, Mary	NA	San Domingo Pueblo	Doctoral Student, Guidance Counselor University of New Mexico, Albuquerque,
UCLA	Tyndall, Don	HOSP	Omaha	IHS: Contract Health Care Officer, Rockville, Maryland

1975 Graduates

UCB	Coley, Herbert	HAP	Seminole	IHS: Facility Director, Wewoka, OK
UCB	Dew, William	ENV	Cherokee	Doctoral Student, Health Admin. & Planning, University of Oklahoma, Oklahoma City, OK
UCB	Foster, Ken (M.D.)	EPID	Seminole	Resident, Neuropsychiatric Institute, UCLA, Los Angeles, CA
UCB	George, Paul	HAP	Navajo	IHS: Health Educator, Shiprock, New Mexico
UCB	Gerzowski, Michele	BIO	Blackfeet	Statistician, HSS, Health Care Finance Administration, Baltimore, MD
UCB	Grandbois, Ray	HAP	Chippewa	IHS: Program Analyst, Tribal Mgt, Support Center, Tucson, AZ
MINN	Lutz-Barr, Joanne	HA	Chippewa	Assistant Director, Minneapolis Indian Health Board, Minneapolis, Minn.
UCB	Parker, Ron	HOSP	Cherokee	Operations Manager, Sponsored Projects, Stanford Univ. Medical Center, Stanford, CA
UCB	Seaton, Evelyn	H.ED.	Navajo	Teacher, Monument Valley High School, Navajo Reservation, Monument Valley, Utah
MINN	Scheibe, Louise	FAM.PL.	Sioux	Nurse Anesthestist, Hospital, Stillwater, Minnesota
LLU	Shirley, Walter	H.ED.	Navajo	IHS: Health Educator Specialist, Winslow Indian Health Center, Winslow, AZ
UCB	Strom, Stan	ENV	Chippewa	District Sanitarian, Montana State Public Health Dept., Kalispell, Montana
UCB	Ward, Jim	HOSP	Yakima	Planner, Yakima Tribe, Toppenish, Washington

1976 Graduates

WASH	Blueye, Henrietta	MD/MPH	Seneca	Medical Resident, Psychiatry, Cambridge City Hospital, Cambridge, Mass.
NC	Brayboy, Gene	HA	Lumbee	Regional Consultant, OHRO, Health Resource Administration, Hyattsville, MD
NC	Brayboy, Ray	H.ED	Lumbee	Doctoral Candidate, Education, Pennsylvania State University, Pennsylvania
UCB	Delorme, Jack	H.ED	Flathead Assiniboine	
UCB	Fredericks, Larri	HAP	Athabascan	Doctoral Student, Medical Anthropology, University of California, Berkeley
UCB	Gorman, James	H.ED	Chippewa	Director, State Office of Alcoholism & Drug Abuse Program, Juneau, Alaska
UCB	Hodge, Felicia	HAP	Wailaki	Director, Portland Area Indian Health Board, Portland, Oregon
UCB	Kelly, Sylvia	H.ED	Kiowa	
UCB	Marquiz-Baines, Carol	HAP	Luiseno	Executive Director, Milwaukee Indian Health Board, Milwaukee, WI
[illegible]	Naranjo, Tessie	H.ED	Santa Clara Pueblo	Doctoral Student, Sociology, University of New Mexico, Albuquerque, New Mexico
UCB	Wilson, Penny	BEH.SCI	Nez Perce	Faculty, Sinte Gleska Community College, Rosebud, S.D.

1977 Graduates

UCB	Begay, Rita Weyrauch	BEH/AL	Papago	Doctoral Candidate, Behavioral Science, University of California, Berkeley, CA
UCB	Craft, Arlene	BEH/AL	Serrano	Field Coordinator, Indian Manpower for Allied Health Career Training, Culver City, CA
OU	Gann, Donald	HA	Osage	IHS: Health Director, Washoe Tribal Health Dept. Carson City, NV (Temporary Assignment)
UCB	Kimball, Ernest	HAP	Haida	IHS: Health Planning Coordinator, Pudget Sound Service Unit, Seattle, WA
UCB	Klester, Lynda	BEH/AL	Ojibwa	Community Liaison, City of Gardena, Gardena, California
UCB	LaPlant, Kelly	BEH/AL	Blackfeet	IHS: Health Educator, Browning, MT
UCB	Longie, Keith	HAP	Chippewa	IHS: Health Planner, Chemewa Service Unit, Salem, Oregon
UCB	Moquino, Joseph	HAP	San Juan Pueblo	IHS: Service Unit Director, Santa Fe Indian Hospital, Santa Fe, New Mexico
UCB	Wood, Ronald	BEH/AL	Navajo/ Seminole	Director, Health Planning and Resource Development, Navajo Tribe, Window Rock, AZ

1978 Graduates

UCB	Brathovde, John	BEH/AL	Sioux	IHS: Director, Chemewa Alcohol Education Center, Salem, Oregon
UCB	Cook, Doris	HAP	Mohawk	Health Data Analyst, Nat'l Health and Welfare, Ottawa, Canada
UCB	Davis, Don	HOSP	Creek	IHS: Executive Officer, Phoenix Area Office, Phoenix, AZ
UCB	Golden, Sandra	BEH/AL	Creek	
UCB	Haycock, Lorraine	NUTRI	Navajo	Nutritionist, Denver, Colorado
UCB	Jamison, Ken	BEH/AI	Pomo	IHS: Public Health Analyst, California Program Office, Sacramento, CA
UCB	Kerrigan, Margo	HAP	Chippewa	IHS: Public Health Analyst, California Program Office, Sacramento, CA
UCB	Rainer, Cheyenne	H.ED	Taos Pueblo	Medical Student, Stanford University, Stanford, CA
UCB	Sarracino, Johnnie	CMH	Laguna Pueblo	Counselor, Indian School, Santa Fe, NM
TULANE	Thomas, Jesse	HAP	Choctaw	Director, Choctaw Community Health Services, Mississippi Band of Choctaws, Phil., Miss.
UCB	Wood, Pita	BEH/AL	Navajo	IHS: Health Educator, Ft. Defiance Service Unit, Ft. Defiance, AZ

1979 Graduates

OU	Boyd, Wally	HA	Shawnee	Director of Nursing/Quality Assurance, Claremore Health Center, Claremore, OK
UCB	Bradley, Donna	HAP	Navajo	Law Student, University of New Mexico, Albuquerque, New Mexico
UCB	Cavanaugh, Norman	BEH/AL	Shoshone	IHS: Health Educator/Acting Comm. Hlth Director, Owyhee, Nevada
UCLA	Coachman, Charlotte	INT.H.	Creek	IHS: Community Health Nurse Watonga, Oklahoma
*MINN	Devlin, Audrey	HA	Chippewa	Planner, St. Croix Tribal Council, Hertel, WI
UCLA	Elrod, Sam	H.ED	Osage	IHS: Deputy Associate Director for Administration, (Headquarters), Rockville, MD
UCB	Fleming, Susan	BEH/AL	Cherokee	Program Director, Inter-Tribal Council, Dallas, Texas
UCB	Garcia, Carole	H.ED	Papago	Health Service Manager, San Carlos Youth Program, San Carlos, AZ

UCB	Greycloud, MaryAnn	MCH	Sioux	Staff Nurse, Children's Hospital, San Francisco, CA
OU	Harjo, Bruce	BIO	Creek	Health Planner, Creek Nation, Okmulgee, Oklahoma
UCLA	Hernasy, Ken	H.ED	Comanche	Health Planner, Gila River Indian Community, Sacaton, AZ
UCB	James, Dennis	BEH/AL	Shawnee Delaware	
MINN	James, Sally	HA	Sioux	
UCB	Kauffman, JoAnn	HAP	Nez Perce	Project Director, Tribal Child Health Program, Lapwai, Idaho
UCLA	Kraus, Debra	HAP	Thlingit	Medical Student, University of Utah Medical School, Salt Lake City, Utah
HAW	Martin, Donald	HAP	Gros Ventre	IHS: Assistant Executive Officer , Phoenix Area Office, Phoenix, AZ
UCB	Patterson, Kyle	BEH/AL	Tuscarora	Instructor, Jr. College,Dickinson, N.D.
UCB	Phelan, Susan	HAP	Arikara	Director, Health Department, Three Affiliated Tribes, New Town, N.D.
UCB	Phoenix, Loyce	HAP	Navajo	Program Director, Navajo Health Authority, Shiprock, New Mexico
UCB	Poola, Milton	CMH	Hopi/Tewa	IHS:Administrative Officer, PHS Indian Hospital, Santa Fe, New Mexico
UCB	Smith-Molino,Carla	H.ED	Paiute	Health Director, Nevada Urban Indians, Inc., Reno, Nevada

1980 Graduates

UCB	Belcourt, Gordon	HAP	Blackfeet	Doctoral Student,Policy Planning,University of California,Berkeley, CA
UCB	Dru, Ralph	BEH/AL	Cheyenne	Medical Student, Psychiatry,University of Oklahoma, Oklahoma City, OK
UCB	Edwards, Vivienne	BEH/AL	Chickahominy	Analyst, Kaiser Medical Center, Oakland, California
UCB	Charles, Kathleen	H.ED	Lummi	IHS: Health Educator, Lummi Tribe, Marietta, Washington
UCLA	Gillette, Ramona	H.ED	Arikara	
UCB	Goode, Janice	BEH/AL	Seneca	French Hospital, SHARE Unit, San Francisco, California
UCB	Leonard-Claw, Carol	CMH	Navajo	Director, Program Planning/Development,Navajo Center for Human Develop. Tsaile, AZ
UCB	Martin, Kallen	CMH	Mohawk	
UCB	Moore, Winona	BEH/AL	Chippewa	Department Manager, JPR Electronics, Menlo Park, California
UCLA	Pablo, Sally	H.ED	Pima	Health Educator, Pima Tribe, Sacaton, AZ
UCB	Schurz, Richard	HAP	Pima	Director, Human Resource Health Department, Gila River Indian Reservation, Sacaton, AZ
UCB	Sillitti, Gertrude	BEH/AL	Gros Ventre	
UCB	Smith,Steve	HAP	Pomo	Director, Indian Education, Ya-Ka-Ama, Healdsburg, California
UCB	Stevens, Reggie	BEH/AL	Cayuga	Director, Steuben Alcohol Abuse Program, Bath, New York
UCB	Williams, Diane	CMH	Eskimo	

1981 Graduates

UCB	Barnoskie, Randy	BEH/AL	Cherokee	Director, Tulsa Indian Youth Council, Tulsa, OK
UCB	Breuninger, John	PPR	Oneida	IHS: Planner, Phoenix Area Office, Phoenix, Arizona
UCLA	Callaghan, Martina	H.ED	Hopi	IHS: Community Health Nurse, Santa Fe, New Mexico
UCB	Clarke, Frank	BEH/AL	Hualapai	IHS: Service Unit Director, Albuquerque Area Office, Albuquerque, New Mexico
UCB	Corp, Stephen	ENV	Chippewa	IHS: Environmental Health, Alaska Area Native Health Service, Anchorage, Alaska
UCB	Cvitanic, Linda	BEH/AL	Florida Creek	
HAR	Dwight, Viola	HOSP	Chippewa	
MINN	Hall, Roberta	HAP	Winnebago	Social Worker, Wisconsin/Winnebago Business Center, Dept. of Health Social Services, Blackhills, Wisconsin
MINN	Hill, Barbara	HAP	Oneida	
UCB	Holmes, Frank	PPR	Washoe	
UCB	Jimmie, Betty	P/CA	Apache	IHS: Director of Nursing, Zuni PHS Hospital, Zuni, New Mexico
UCB	Ketterling, Sandra	PPR	Sioux	Program Assoc., Office of Rural Health, University of North Dakota Medical School, Grand Forks, N.D.
UCB	Nakai, Robert	P/CA	Navajo	Director, Community Health Representatives, Division of Health Improvement Services, Navajo Tribe, Ft. Defiance, AZ
UCB	NewBreast, Theda	BEH/AL	Blackfeet	Director, Fetal Alcohol Program, California Urban Indian Health Council, Oakland, CA
OKLA	Tahsuda, Max	HAP	Kiowa	
UCB	West, Jerome	BEH/AL	Laguna Pueblo	Assoc. Director, Native American Health Center, San Francisco, CA

CURRENT STUDENTS

UCB	Bird, Michael	P/CA	Santa Domingo/ San Juan
UCB	Brewster, Elmer	P/CA	Paiute
UCB	Charles, Carol Jean	NUTRI	Lummi
UCB	Crouch, Jim	BEH/AL	Cherokee
UCB	Eteeyan, Rencie	BEH. Sci	Pottawatomi
UCB	Everling, Linus	H.ED	Chippewa
UCB	Grijalva, Edwin	H.ED	Maidu/Miwok
UCB	Jamerson, Susan	PPR	Sioux/Paiute
UCB	Kaiser, Nancy H.	BEH/AL	Stockbridge-Munsee
UCB	Keeling, Sylvia	BIO/LAB/ SCI	Choctaw
UCB	La Fromboise, Carol	BEH/AL	Sisseton Sioux
UCB	Lee, John Gilbert	BEH.SCI	Oglala Sioux
UCB	Porter, Lawrence	BEH.SCI	Sioux

UCB	Roberts, Andrew	P/CA	Sac & Fox
UCB	Ross, Donna	BEH.SCI	Cheyenne/ Arapaho
UCB	Sandoval, Lucinda	BIO/LAB/ SCI	San Felipe Pueblo
UCB	Sherman, Sherry	PPR	Mono
UCB	Sockey, Charles	BEH.SCI	Cherokee
UCB	Takehara, Joanette	BEH.SCI	Sisseton-Wahpeton Sioux
UCB	Willburn, Sandra	BEH/AL	Wailaki/ Wintu
UCB	Yellowhawk, Sandra	PPR	Hualapai/ Hidatsa

NOTE: Twenty-one students (not indicated on the foregoing list) have withdrawn from the program since its inception, Fall, 1971, out of a total of 164.

BEH.SCI	- Behavioral Science
BEH/AL	- Behavioral Science Emphasis on Alcoholism
BIO	- Biostatistics
BIO/LAB/SCI	- Biomedical Laboratory Science
CMH	- Community Mental Health
ENV	- Environmental Health Sciences
EPID	- Epidemiology
FAM. PL.	- Family Planning
HA	- Health Administration

HAP	-Health Administration & Planning
H.ED	-Health Education
HOSP	-Hospital Administration
INT.H.	-International Health
MCH	-Maternal and Child Health
MD/MPH	-Medical Doctor/Master of Public Health
NA	- Nursing Administration
NUTRI	-Nutrition
PPR	-Policy/Planning/Regulation
P/CA	-Program/Clinic Adminstration

NOTE: The first column indicates the particular University where the student was enrolled in the School of Public Health, at Universities of: California-Berkeley, Hawaii, California-Los Angeles, Minnesota, Texas, Washington, North Carolina, Michigan, Oklahoma, Loma Linda University, Harvard University and Tulane University.

For the first seven years, the Berkeley program was able to award traineeships directly to students through program funds. Out of 164 students we were able to advocate for/or financially support 33 Indian students at other Schools of Public. Health.

MPH PROGRAM FOR AMERICAN INDIANS AND ALASKA NATIVES
SCHOOL OF PUBLIC HEALTH
UNIVERSITY OF CALIFORNIA
BERKELEY, CALIFORNIA

MPH STUDENTS BY TRIBAL REPRESENTATION

Apache	2 (1.2%)
Arikara	2 (1.2%)
Assiniboine	1 (.6%)
Athabascan	1 (.6%)
Blackfeet	5 (3.1%)
Cayuga	1 (.6%)
Cherokee	6 (3.7%)
Cheyenne	3 (1.8%)
Chickahominy	1 (.6%)
Chippewa	15 (9.2%)
Choctaw	3 (1.8%)
Chumash	1 (.6%)
Comanche	1 (.6%)
Creek	8 (4.9%)
Eskimo	2 (1.2%)
Eyak	1 (.6%)
Flathead	1 (.6%)
Gros Ventre	2 (1.2%)
Haida	1 (.6%)
Hidatsa	1 (.6%)
Hopi	2 (1.2%)
Hualapai	2 (1.2%)
Iowa	1 (.6%)
Jemez Pueblo	1 (.6%)
Kiowa	2 (1.2%)
Laguna Pueblo	5 (3.1%)
Luiseno	1 (.6%)
Lumbee	2 (1.2%)
Lummi	2 (1.2%)
Maidu/Miwok	1 (.6%)
Mohawk	2 (1.2%)
Mono	1 (.6%)
Navajo	19 (11.7%)
Nez Perce	3 (1.8%)
Ojibwa	1 (.6%)
Omaha	1 (.6%)
Oneida	2 (1.2%)
Osage	2 (1.2%)
Paiute	2 (1.2%)
Papago	2 (1.2%)
Pima	4 (2.4%)
Pomo	2 (1.2%)
Pottawatomi	1 (.6%)
Quechan	1 (.6%)
Sac and Fox	1 (.6%)
San Felipe Pueblo	1 (.6%)
San Juan Pueblo	1 (.6%)
Santa Clara Pueblo	1 (.6%)
Santa Domingo Pueblo	2 (1.2%)
Seminole	2 (1.2%)
Seneca	2 (1.2%)
Serrano	1 (.6%)
Shawnee	2 (1.2%)
Shoshone	2 (1.2%)
Sioux	16 (9.9%)
Stockbridge-Munsee	1 (.6%)
Taos Pueblo	1 (.6%)
Thlingit	2 (1.2%)
Tuscarora	1 (.6%)
Wailaki	2 (1.2%)
Warm Springs	2 (1.2%)
Washoe	1 (.6%)
Winnebago	2 (1.2%)
Yakima	1 (.6%)

TOTAL TRIBES: 64

TOTAL STUDENTS: 164

MPH STUDENTS BY STATE REPRESENTATION

Arkansas	1 (.6%)
Alaska	7 (4.3%)
Arizona	24 (14.6%)
California	14 (8.5%)
Florida	1 (.6%)
Idaho	3 (1.8%)
Iowa	1 (.6%)
Kansas	2 (1.2%)
Michigan	2 (1.2%)
Minnesota	6 (3.7%)
Mississippi	1 (.6%)
Montana	12 (7.3%)
Nebraska	2 (1.2%)
Nevada	5 (3.1%)
New Mexico	16 (9.8%)
New York	6 (3.7%)
North Carolina	2 (1.2%)
North Dakota	11 (6.7%)
Oklahoma	24 (14.6%)
Oregon	2 (1.2%)
South Dakota	13 (7.9%)
Utah	1 (.6%)
Virginia	1 (.6%)
Washington	3 (1.8%)
Wisconsin	4 (2.4%)

TOTAL STATES: 25

STATEMENT OF T. WILLIAMS, CHAIRMAN, RURAL INDIAN HEALTH BOARD

ACCOMPANIED BY:
DENNIS HENDRICKS, VICE CHAIRMAN,
JOE SAULQUE, TREASURER TO THE BOARD OF DIRECTORS

Senator McClure. Did Mr. Billhymer come in for the Upper Colorado River Commission?

[No response.]

Senator McClure. The next witness is the California Rural Indian Health Board, Perry Raglin.

Mr. Williams. Mr. Raglin is the director for the Rural Indian Health Board. My name is T. Williams. I am the chairman. To my right is Dennis Henricks, the vice chairman, and to my left is Joe Saulque, treasurer to the board of directors.

We will be giving the testimony. The testimony that has been provided to you in writing is well-documented in meeting our request as we see it in California; however, we would like to highlight some things during this oral portion. I would like to split it between the three of us.

Senator McClure. You're going to have to talk fast in the remaining time.

Mr. Williams. All right. I would like to highlight the equity health care fund that Congress has given us, and that we appreciate. We would like to see that continued at the level it has been, because it does bring our health needs, or it has helped us to reach some of our health needs in California; however, even with these equity health care funds, we are still 80 percent short. It only brought us within 20 percent of taking care of our health care needs.

We would also like to see the base budget coming from Indian Health Services reallocated, so that it would meet our needs in a better way than does the present system. The equity health care fund should also have some flexibility to it. The way it is being delivered to us right now, is that we have no room for expansion and meeting some of the direct health care needs that we have to meet with that money. And with that, I would like to turn it over to my vice chairman, Mr. Hendricks.

Mr. Hendricks. Thank you. To insure that the funding for the tribal health programs in California is enough to meet the needs or at least to meet the needs in relation to how we have been meeting them, we would like to see the Indian Health Service budget at least be able to get 5 percent of that budget for 1983. Right now we are receiving about 3 percent, and we have 10 percent of the total population in the United States, and we do not want to cut services any more than we already have to, so that is what we are requesting to see at least 5 percent of the 1983 budget.

At this time, I will turn it over to Joe Saulque.

Mr. Saulque. Yes; the administration proposes to cut the CHR budget to zero, which we feel is a very critical link between the Indian communities and providers of health care. In California, we have our own Indian-controlled clinics. They're not Indian Health Service-controlled clinics, and because of that the CHR is a vital link in delivering help to the Indian people in the different communities. As stated in the House and Senate conference report, we agree that the reduction in community health representative programs should be directed at those areas which have higher concentration of health personnel in clinics, hospitals, or programs that have been evaluated to be found less efficient and not in compliance with program regulations.

I think in California our system is completely different than those in other States controlled by the Indian Health Service completely. In addition to that, if the Congress of the United States looks at realineing the Indian Health Service area office in the same situation that the administration is looking at realineing the Bureau of Indian Affairs, we propose an alternative concept of having the California Rural Indian Board be the representative instead of the Indian Health Service, because we can do it for less money.

Senator McClure. Thank you. There is an increase in the amount of money in the equity health fund. Would you propose that increased money go into the community health representatives?

Mr. Williams. If there is an increase in the equity health care funds, we would prefer that it go into the CHR's.

Senator McClure. Yes.

Mr. Williams. Or are you speaking about California specifically?

Senator McClure. No; I'm just asking if there is increased money, where would you rather have it? They have suggested some modest increase in the equity health fund, and you suggested that the community health representatives are more important to you in your California programs.

Mr. Williams. The equity health care funds, we would like that to remain in the discretionary use of our programs. We are independent organizations there in delivering health care.

Mr. Hendricks. We would like an increase to go to those areas that have already been identified in the tribal specific health plans. Those are the areas of the greatest need, and that is where we see that if there is an increase, to go to that particular area to be used for that purpose.

Senator McClure. Thank you, very much.

Mr. Williams. Thank you, sir.

[The statement follows:]

STATEMENT OF T. WILLIAMS

We are pleased to have the opportunity to come before you today to provide our view regarding the budget for the Indian Health Service and how it will affect the lives of the Indian People in California. We come here as representatives of one of the largest Tribal Health Organizations in the country.

The California Rural Indian Health Board, Inc. (CRIHB) was organized in 1969 by the various tribal and rural Indian entities of our State as a direct response to the deliberate and total neglect by both the U.S. Government and the State of California in regard to their legal trust responsibility for the health and welfare of the Indian People of California. While in the rest of the country you, the Federal Government, were rapidly creating the massive bureaucracy of the Indian Health Service with its extensive system of secondary and tertiary care hospitals, clinics, contract care services, and clinical personnel, we Indian People in California were left to our own resources, with little or no assistance from the Government, to care for the overwhelming health needs needlessly created by neglect and poor living conditions. Granted, we did have the so-called "safety net" entitlement programs of Medicaid (Medi-Cal in California) and Medi-Care as an available resource. However, by and large, for the Indian People in our State, having this resource available did not resolve the real problems of limited or non-existent providers and facilities in the isolated rural areas of our State; nor the blatant racism toward Indians which is still very much alive among public and private providers throughout rural California, nor did it solve the fundamental problems caused by poor housing, polluted water sources, extreme weather conditions and severe restriction of our natural food sources of fishing, hunting, and gathering.

As a result, through the initial organizational efforts of CRIHB, a network of sixteen independent, Indian controlled and operated health centers was established. Some of the health centers such as Tsurai Health Center in Trinidad, California were built entirely through donations and volunteer labor from the Indian community others were built through cooperative funding efforts with the local Tribal Governments - but in no case has the Federal Indian Health Service spent one dollar for the construction of any health care facility in California.

Despite this background, we believe that there has been substantial progress in recent years. We have seen the return of the Indian Health Service to our State with its establishment of the California Program Office,accompanied by a sizable increase in the funds available for contracting with Tribal Health Organizations such as CRIHB. The passage of Public Laws 93-638, the Indian Self-Determination Act and Public Law 94-437, the Indian Health Care Improvement Act, despite the difficulties with its implementation in California,have been a strong affirmation by the Federal Government of our right to Self-Determination, with the needed increased assistance and resources to Tribes and Tribal Health Organizations of the nation; and most recently, and of greatest significance to California, the establishment of the Equity Health Care Fund (EHCF) in response to the directive of the Federal Court and the favorable lawsuit decision of Rincon vs. Califano, 1979. For those who are not familiar with the suit, it simply contended that while California has 10% of the total U.S. Indian population, it receives less than 1% of the available resources from Indian Health Service, thus concluding that Indian Health Service did not apply its own Resource Allocation Criteria for fund distribution in an equitable manner, for us Indian people in California. This decision by the Federal courts, and the resultant special line-item to reduce the unmet need this year (EHCF), has been most welcome and beneficial. We wish to commend you and express our gratitude for this additional resource. At the same time, the Equity Health Fund has not been the panacea that many people believe it to be, for us in California. Clearly it has allowed us, for the first time, to expand our basic medical care services to many more Indian people and has significantly improved the quality and comprehensivesness of care provided in our centers. However, there have been some real problems with the EHCF, primarily due to its implementation by the Indian Health Service. At this point, it is not even possible to report to you the impact of the EHCF since it took the Indian Health Service in California almost seven months to distribute the funds to the eligible tribal health organizations. Secondly, the IHS has no system in place in California for the standardized collection of health status data (as they have had for years in the other states) and therefore we can only speculate that this increase in care is also improving the health status of California Indian people. Another dilemma we face with the implementation of EHCF is the fact that, by IHS's own estimate there are still an estimated 10,000 rural Indian people who are eligible for care, yet do not reside within the service area boundaries of any of the existing Tribal Health Programs. By the Indian Health Service system measurement the unmet needs of these people is 100% yet the language which accompanied the EHCF legislation specifically prohibited the funding of new Tribal Health Organizations. It seems to us that this is a contradiction in the intent of Congress when it created the EHCF and violates the mandate of the Federal Court in the Rincon decision. We respectfully request that this restriction be lifted so that we, in turn can use this fund for the benefit of all eligible rural Indian people. Finally, a major fallacy in the philosophy behind the EHCF is the assumption that, we in California, have the facilities to provide care as specified in the IHS "benefit package". The fact that IHS and Congress has prohibited the use of EHCF for the construction, expansion, or renovation of health care facilities, has severely curtailed our efforts to expand our tribally operated services. Let us point out that the FY 1982 appropriation for Indian Health Care Facilities alone was $47.152 million. This represents more than five times the Equity Funds allocated in California. California does not receive any of these funds. Again, we respectfully request that you examine the Administration's policies in the implementation of the IHS budget so that we can more effectively serve our people. The right of each Tribal Health Organization to determine how to utilize their allocated funds must be maintained. Finally, in regard to the proposed FY 1983 budget for the Indian Health Service, we would like to make the following points:

1. We strongly support the continuation of the EHCF as an effort to reduce the unmet needs of Indian people in California. However, since 1983 will be the first year that the 1980 Census will be used in the calculation of unmet need, and since the 1980 Census reflects an increase of almost 40% in the California rural Indian eligible population, we request that the EHCF be increased accordingly to reflect and absorb the cost of the unmet needs of this larger population base.

2. We urge this Committee to develop language to accompany this budget that increases the flexibility of each Tribal Organization, in the use of the EHCF and thus allowing us to expand coverage to those eligible Indian people currently not being served. We envision providing services to this eligible population by adding satellite to our existing programs or by establishing new health centers where satellites are not feasible.

3. We request a redistribution of the proposed facility line item to enable programs to expand their physical plants to accommodate expanded services that are needed to meet the unmet health care needs of Indian people in California.

4. We urge the committee to insure that funding for the tribal health programs in California continue to increase to at least 5% of the total IHS Budget in FY 83 and 8% in FY 84. This would be consistent with the directives of the Federal Court in the Rincon Decision. At minimum, California should be exempt from any of the "across the board" reductions since this would clearly violate the intent of the Court in this matter.

5. We vehemently oppose the elimination of the Community Health Representative line item under clinical services. In California in particular, where all services are provided through contract with Tribal Health Organizations, the CHR is the most critical link between the Indian community and the providers of care. As stated in the House-Senate Conference Report, we "agree that the reduction in the Community Health Representatives program should be directed at those areas which have higher concentrations of health personnel in clinics or hospitals or programs which have been evaluated and found to be less effective or not in compliance with program regulations.

6. The CRIHB would not oppose the elimination of the California Program Office with its inflated administrative budget (1.3 million) and high paid staff. However, in its place, we would recommend that the CRIHB Organization be designated to assume the administrative and technical assistance responsibilities that CPO currently serves. We feel this would fulfill a major intent of Congress when it passed the Indian Self-Determination Act (P.L. 93-638) and would be cost-beneficial since CRIHB could provide the same (or more) services at a significantly less amount of money.

We urge you to consider our recommendations and comments so we may strenghten our abilities to effectively work with the Government as a "Full Partner" in the care of our Indian people.

Senator McClure. The Association of American Indian Physicians, Mr. William Wilson.

STATEMENT OF WILLIAM WILSON, EXECUTIVE DIRECTOR, ASSOCIATION OF AMERICAN INDIAN PHYSICIANS

ACCOMPANIED BY DR. DON BOWEN, MEMBER, ASSOCIATION OF AMERICAN INDIAN PHYSICIANS

Mr. Wilson. I am executive director of the Association of American Indian Physicians. Dr. Don Bowen, one of the association members, will be giving testimony.

Dr. Bowen. As Mr. Wilson has said, I am Dr. Don Bowen. I am a Creek Indian, vice chief of staff at the Creek Nation Hospital in Okemah, Okla. Also, I am a member of the Association of American Physicians, which is located in Oklahoma City, Okla., and we would like to express some of our views before your committee today.

AAIP—the Association of American Indian Physicians—is an organization of American Indian physicians from all across the Nation, and we have two basic goals:

No. 1, to increase the capacity of the national health care system to provide adequate and specialized health care for American Indians; and No. 2, to promote and encourage the involvement and participation of American Indians in their own health care as clients, policymakers, and professionals.

AAIP works with other organizations, both public and private, primarily to increase the number of American Indians and Alaskan Natives as professionals and leaders in the health professions.

One of the areas that we would like to refresh our memory on is Public Law 93–638, the Indian Self-Determination and Education Assistance Act that was enacted into law in 1975.

Without going into a great deal of rhetoric, we would just like to state now that this was probably what we feel as though the U.S. Government's beginning commitment in trying to put self-determination into the health care for Indians.

And then with the passage of Public Law 94–437, the Indian Health Care Improvement Act of September 30, 1976, we thought perhaps this would really give us a mechanism of seeing Public Law 93–638 implemented.

The two areas that I and my association are concerned with are sections 102 and 104 of Public Law 94–437, which deals with recruitment and scholarships, especially trying to get more Indian people into the profession.

One of the things that I think we should bring to your attention is that this money for scholarships and recruitment is not welfare; it is money to be repaid at a later date in the form of taxes as a working individual. This is in line with the concept of Indian self-determination, and also as well as the new federalism.

Our experience indicates that money provided to Indian people for health professional scholarships and recruitment is not money that is wasted, but really money that is invested. I have been out of medical school for the last 6 years, and over that period of time I have paid back in taxes double the amount of scholarship moneys that I received while I was attending medical school.

So in simple economic terms, the investment in Indian scholarships and recruitments, I think, is a worthwhile event.

One of the other areas that I would like to touch upon is the CHR program, as many other witnesses have testified to, and again, we support the CHR programs.

Being a physician in a small rural town in Oklahoma, I certainly have first-hand experience working with the CHR program, and what it really boils down to is, in human terms, the health care representatives, and also the transportation they provide, are most important.

An example would be—as one of the other witnesses stated—diabetes is a problem, and without the CHR's following up on this, I seriously wonder if some of these people will get adequate care.

Another area that AAIP supports is the urban health programs for Indian people. We have found, and the 1980 census indicated, that the Indian population is 1.4 million. This is an increase of approximately 100 percent over the 1970 census, and we also have found out that there is a 56-percent shift from reservations to urban centers.

So, certainly, the effort that they are trying to do, I think, is certainly worthwhile.

In closing, we would like to remind Congress of the original intention of the Indian Health Care Improvement Act. As stated as a declaration of policy, it was that Congress hereby declares that it is the policy of the Nation in fulfillment of its specific responsibilities and legal obligations to the American Indian people to meet the national goal of providing the highest possible health standard to Indians, and to provide the Indian Health Service with all resources necessary to effect that policy.

We basically request that you implement your policy.

Senator McCLURE. Thank you.

PREPARED STATEMENT

Your statement will be put in the record. We appreciate your testimony this morning.

[The statement follows:]

Statement of Dr. Don Bowen

I am Dr. Don Bowen, a Creek Indian and Vice Chief of Staff of the Creek Nation Indian Hospital in Okemah, Oklahoma, and also a member of the Association of American Indian Physicians (AAIP), located in Oklahoma City, Oklahoma. I am joined by William Wilson, Executive Director, of the Association of American Indian Physicians. It is with great honor and a deep sense of concern that we appear here today and we appreciate the opportunity to appear before your Sub-Committee to express our views.

AAIP is an organization of American Indian physicians from all across the nation with two collateral goals: 1) to increase the capacity of the national health care system to provide adequate and specialized health care for American Indians and Alaskan Natives and 2) to promote and encourage the involvement and participation of American Indians and Alaskan Natives in their own health care as clients, policy makers, and professionals. AAIP works closely with numerous other organizations, both public and private, primarily to increase the number of American Indians and Alaskan Natives as professionals and leaders in health professions. As such, we support the testimony of the NCAI, NTCA, NIHB, INMED, Masters Program at Berkeley, California, the CHR's, and all Indian tribes.

I wish to make three points during this presentation: 1) to request restoration of the CHR, Manpower and Urban Indian Health Programs, 2) to request funding as indicated in Public Law 96-537, Indian Health Care Amendments of 1980, along with the IHS original request for mandatories, program and base, 3) to strongly encourage Congress, Congressional Committees, and the implementing agencies of the Executive Branch to hold intact and implement the original intentions of the Indian Health Care Improvement Act, Public Law 94-437. We would like to make it clear to the Senate that we are asking for nothing more than what the United States Government, in its infinite wisdom, has previously documented it would do for the Indian people.

So as to refresh your memory, on January 4, 1975, Public Law 93-638, the Indian Self-Determination and Education Assistance Act, was enacted into law. Without going into the rhetoric, Public Law 93-638 was based on years of documented testimony indicating that Indian people were being dominated by the federal government. This retarded rather than enhanced the progress of Indian people in determining their own destiny, Congress said. With the passage of 93-638, the Indian people could sense that perhaps the U.S. Government was starting to live up to its stated obligations and promises.

Then, with the passage of Public Law 94-437, the Indian Health Care Improvement Act, September 30, 1976, the Indian people could see that the U.S. Government was attempting to correct a major deficiency and human right of any people: health.

Mr. Chairman, we do not believe it is necessary to recount for you all the documentation indicating Indian people enjoy the lowest level of health care of any segment of the U.S. population. These data are widely available and we are sure this Committee is already quite familiar with this documentation. However, so as to indicate that perhaps the Congress is not living up to its promises to the Indian people, we feel it appropriate to quote from testimony of Senator Paul J. Fannin, September 25, 1974:

> "For far too long the Indian Health Service and the Indian people themselves have experienced government policies which resulted in inadequate funds, inadequate manpower, and inadequate facilities. In the place of a comprehensive plan to meet the health needs of Indian people, government policies have had the effect of a band-aid. Budgets for the Indian Health Service were often designed to meet the minimum needs of patient care and field health services. And in particular, construction funds for the Indian Health Service have been totally inadequate to meet the glaring need for better facilities. With only a few construction projects authorized in recent years, most which were the result of congressional intervention, the Indian Health Service has had to face continued deterioration in most of its facilities and do what it could to keep them going for yet another year, despite the knowledge that most of these facilities were out of date, beyond repair, and unsafe. In short, the Indian Health Service cannot, under present circumstances, provide quality health care to the Indian citizens for which it is responsible..."

This statement was one of many, many such statements presented during testimony for passage of Public Law 94-437. We selected it at random; however, we feel your committee here in 1982 should once again hear the words and review the 1976 testimony, as there has been very little positive change, as Public Law 94-437 was never funded to full authorization, consequently many health problems of the American Indian remain as they were for the last 200 years.

While full funding of the act was never achieved, the modest amounts that were given were sincerely appreciated by the Indian people and good use was made of those dollars. As an example, under Title I, Section 102, the Manpower Recruitment Program, in 1980 there were 40 applications received with approximately half of those being funded or 23. The activities on a national basis, because of the modest amount involved, which was $900,000, sixty-five tribes participated in various activities in the recruitment programs on a national basis. Authorized amount for the Section 102 was $1.8 million, which would have been a more reasonable figure. Section 103, in 1980, there were 174 scholarships awarded, the majority of these in nursing, med-tech, and health care administration. Eight hundred thousand dollars was appropriated from an authorized 1.3 million dollars. Section 104, in 1980, there were 390 funded scholarships. Having in mind 94-437 has been running less than 3 years as of 1980, still there were 98 students graduated from the scholarship programs, with 85 of those currently working within Indian Health Service and 13 others working for tribes or continuing on with a graduate education. The National Health Service Corps. (NHSC) was funding Indian people to become doctors and dentists. NHSC had new starts for 49 Indian people during 1980. There are no more new starts under the NHSC. Mr. Chairman, it is very important the Congress recognize the initial intent of 94-437. It was well documented and contained reasonable solutions and we feel the program of developing Indian people to become health professionals is a sound program.

We feel that Congress is not aware of the great need for Indian people to become health professionals. As an example, to produce parity with the rest of the country, there should be 1,667 Indian physicians. At present we can document no more than 237 physicians. There should be 450 Indian dentists. The Bureau of Census indicates there are 63 Indian dentists; however, AAIP has been able to identify only 8 nationally. These low numbers are distributed across all health professions as evidence of the low number of Indian people going into the health field.

We feel it is important to point out to Congress that scholarship money for Indian people is not welfare, rather money that will be repaid at a later date in the form of taxes from a working individual. This is in line with the concept of Indian self-determination as well as the new federalism. Our experience indicates that money provided to Indian people for health profession scholarships and recruitment is not money that is wasted, rather it is an investment. The numbers of people that are entering health professions from Indian communities is very gratifying economically and will return in tax dollars many times over the initial monetary investment made by the federal government.

Statistics indicate that the vast majority of Indian families annual income fall within the poverty guidelines as set forth by the federal government. With the continued approach of the federal government in cutting scholarships, there is no chance for the Indian to develop skills necessary to become a health professional. It is interesting to note that Indian people trained in health education maintain regular jobs on a regular basis and, of course, pay taxes. You might ask the question, "Do you know any unemployed physicians or nurses?" In 1980, the average 103 scholarship was in the amount of $7,400. The average 104 scholarship was in the amount of $9,230. That amount of money would be paid back in taxes alone by a working individual in the health professions over the next 3 to 4 years, perhaps sooner. I have been out of medical school six years and within that period of time have paid back in taxes double the scholarship monies received over the 5 years I attended medical school. So on simple economics alone, scholarships to Indian people is a good investment. It goes without saying, that providing Indian health workers is an essential component of any health program. Utilizing either concept, it is a worthwhile investment to restore not only the recruitment programs but also the scholarship programs as recommended in Public Law 96-537.

We also feel that the CHR Program should be restored. The CHR Program over the years, has become a vital link between the "grass roots" Indian and the health clinics. They serve 24 hours a day and provide not only medical services to the community, but also health education, transportation to and from health centers and screening services. By cutting the CHR Program, not only will you effect the Indian communities nationally in the area of much needed health services but you will be putting 2200 Indian people out of work, which will add to the poverty conditions of all Indian communities. We request the CHR Program be restored.

We would like to also call attention to a research provision as indicated in Title II, Public Law 94-437. Our association was the only one calling for this provision in the original bill. We are happy to note that a modest number of proposals have been funded by this mechanism. Some of the studies include a long-term evaluation of children with post-streptococcal glomerulonephritis, a study of bronchiectasis in Alaskan children, a study of the effectiveness of floride programs, studies of the fetal alcohol syndrome, and studies of mental disease. We feel that given a three year track record and the amount of information gained from the minimum amount funded for research, that separate funding for research be developed and added each year to the IHS budget.

Finally, Title V, Urban Health Programs for Indian People, should be fully funded as indicated in Public Law 96-537. The 1980 census indicates the Indian population to be 1.4 million, with 56% residing in urban areas. The track record made by the forty one urban groups over the last 3 years have indicated that these projects have been successfully accessing other programs. Resource development data, collected from the 41 projects in FY 80 by Indian Health Service, show more than 8.1 million dollars generated from resources other than Indian Health Service. Additionally, because the urban Indian population has been designated as a health manpower shortage area, 18 National Health Service Corps. professionals have been assigned to 7 urban Indian health programs. Many programs have developed linkages with other health and social service providers in their communities and have become a part of a comprehensive health care delivery system. All have shown significant impact on the overall health status of their service population. The demonstrated ability of these programs to improve health status, their cost effectiveness, and their leverage capacity, all make the direct comprehensive delivery mode the best choice for impacting on urban Indian health care.

In closing, we would like to remind Congress that the original intentions of the Indian Health Care Improvement Act as stated as a declaration of policy was "that Congress hereby declares that it is the policy of the nation in fulfillment of its special responsibilities and legal obligations to the American Indian people to meet the national goal of providing the highest possible health status to Indians and to provide existing Indian Health Service with all resources necessary to affect that policy".

We are requesting that you implement your policy. Thank you.

Senator McClure. National Tribal Chairman's Association: Elmer Savilla.

[No response.]

Senator McClure. Quinault Indian Nation?

STATEMENT OF JOSEPH B. DELA CRUZ, CHAIRMAN, QUINAULT INDIAN NATION

PREPARED STATEMENT

Mr. Dela Cruz. I am president of the Quinault Indian Nation. I will briefly highlight my testimony. I have it pretty well broken down.

Senator McClure. The entire statement is in the record.

[The statement follows:]

STATEMENT OF JOSEPH B. DELA CRUZ

The Quinault Indian Reservation is situated on the Pacific Coast of the Olympic Peninsula within the boundaries of Washington State. Due to our rural, isolated geographic location, the Quinault economy depends primarily on the management, development, harvesting, and processing of our forestry and fisheries natural resources and the improvement of our membership infrastructure to fill our manpower needs.

Forestry and fisheries operations are extremely complex dependent on scientifically sound management practices to ensure sustained and potentially increasing yields. The processing of the harvest yield is a delicate business enterprise fluctuating according to regional, national and international demands. The prosperity of the Quinault Tribal membership stretching to future generations depends on our current capabilities to manage and develop these resources.

Although the BIA Portland Area has 33 timbered reservations, only one Tribe has a current management/operating plan. Only one reservation has a calculated annual allowable cut; nine have an estimated annual allowable cut; and, twenty-three have periodic/intermittent annual allowable cut plans. Ten reservations have current inventory analysis; thirteen have current field inventory. The BIA Portland area comprises 2 million commercial forest acres with an annual harvest of 568 million board feet; the BIA area total is 5.6 million commercial forest acres with an annual harvest of 1.027 million board feet. The timber tribes and the BIA recognize the serious deficiencies in Tribal forestry management, planning, and inventory capabilities. Yet, there have been no appropriations since fiscal year 1980 to improve forest management. With each succeeding year, the threat to Tribal economies of the future based on timber becomes more ominous.

On the Quinault Reservation, the clear cutting harvest techniques by private timber companies allowed under existing BIA contracts have left a devasting wake of wood slash. Individual allotments with multiple heirs have created a checker board maze of timber land ownership and right of way ownerships impeding comprehensive management. The reservation roads system, so necessary for access, deteriorates each year with level annual appropriations slowly losing the battle with maintenance cost inflation. And, reforestation is barely keeping pace with annual harvests. Funding levels appropriate to address these forest management conditions are sorely needed by the Quinault Tribe to ensure a self sustaining timber resource.

As an example of the Quinault problems/needs associated with developing a comprehensive forest management operation, securing the rights of way for the 225 miles of roads throughout the reservation is a management necessity of complex/expensive proportions. We estimate that the cost per mile of road paid for by an allottee is $35,000 plus land purchase expense depending on road condition requiring future repair. Another 30 miles of road at $35,000 per mile constructed into second growth timber doesn't include the cost to be paid for roads built through land with yet unmerchantable second growth timber. The total estimate is $9 million just in right of way purchase and new roads.

The Pacific Northwest salmon and steelhead fisheries have been declining over the last several decades due to a myriad of environmental, commercial, regulatory factors. Although Tribal governments depend on these fisheries resources for commercial, subsistence, and cultural purposes, they are ironically blamed for the decline. For Tribes to willingly decimate this precious resource would be madness. Yet to counter the criticism of special fishing interests, Tribal governments have dramatically increased their expenditures in terms of fisheries management and enhancement. The 1974 Boldt decision forced Federal/State fisheries operations to recognize the legitimacy of Tribal fish management operations. Unfortunately, the increasingly complex and costly burdens of fisheries management have extended Tribal staff to capable limits. As a trust responsibility in keeping with the treaty faith as upheld by the Supreme Court, the Federal government should ensure fisheries management appropriations commensurate with the growing responsibilities.

On a regional basis, the Salmon and Steelhead Planning and Enhancement Act of 1980, P.L. 96-561,deserves continued financial support as the first cooperative State/Tribal fisheries planning and enhancement initiative. In FY83 at least $2.5 million will be needed to proceed from the planning to implementation stage.

Tribal governments are the principle units in the treaty-based government to government relationship. The Indian Self-Determination Act of 1974 (P.L. 93-638) heralded a new era of recognition in this legal relationship. 638 funding, however, has not been increased over the last several years to sustain and strengthen Tribal government operations. Perennial Congressional continuing resolutions force extreme cash flow problems on the Tribes. The uniquely Tribal indirect cost factors in contracting has not been addressed monetarily in BIA appropriations nor realistically in terms of the unique Tribal government status. And finally, the new "Federalism" proposed by the current administration creating block grants for States/cities overlooks the needs/status of Tribal governments as relates to direct Federal funding at a reasonable level utilizing Tribally appropriate formulas. Tribal governments have more legitimate claim to Federal support than any other government in this nation. Yet, the current administration obviously overlooks this issue from Executive Branch policy and appropriation perspectives.

Vital to the development of a Tribal self-sustaining economy and strong Tribal government is the human infrastructure encompassing education, training, health and human services, housing, water and sanitation. The Quinault Tribe, like other Tribal governments, has sustained unreasonably sharp cuts in these programs and services delivered under the FY82 appropriations. The administration's FY83 budget request can be most politely described as mean-spirited and ignorant of Tribal development needs. It is obvious that the proposed cuts were made not on the basis of program effectiveness, but by policy accountants at OMB.

The CETA budget cuts for Tribal governments, according to an OMB study, raised the average Tribal unemployment rated from 26.6% to 30.1% with one-fourth of the jobs lost to tribal government operations. The study concludes that job losses "will undoubtedly put a severe strain on the ability of Tribal governments to offer governmental and community services to their members." It is difficult to understand how the current administration expects our Tribal economies to grow and flourish with such drastic reductions in economic development support and training.

Education has always been a key factor to our development. Just one decade ago Congress recognized this special need with passage of the Indian Education Act. This administration plans to halve already slashed appropriations and questionably transfer these effective programs into the BIA, which is not necessarily an agency in the forefront of educational innovation. Indian scholarships, providing support for some of the poorest students in the nation whose communities are depending on their valued expertise, are slashed dramatically in education; abolished in the IHS. There simply is no logical educational policy other than the broad sweep scythe of a political philosophy.

The health of our people including their living environments is the final viction of the FY83 budget request to be addressed. The Community Health Representative program, proven highly effective in combating disease and providing emergency treatment in our villages, is to be abolished along with housing, water, and sanitation for our growing communities. Direct contract care is slashed to the bone with proposed abolishment of PHS in and out patient facilities leading us down the road to IHS programmatic and fiscal bankruptcy. The Indian Child Welfare Act of 1978 is made almost a meaningless gesture for a Congressionally recognized need. Our judicial systems with ever increasing civil and criminal jurisdictional responsibilities are operating with bare essentials. And our protective police services suffer in personnel and adequate enforcement equipment as prisons take priority over protection. With our people slowly climbing out of the cellar of the nations health statistical charts, the current administration plans to push us backwards with an unreasonable, unwarranted, and targeted vengeance.

One saving element of this current administrations FY83 budget consistent with its philosophy of "getting the government off the backs of the people" is the $16 million reduction in the BIA bureaucracy and the proposed concepts to streamline BIA operations to improve efficiency and effectiveness. Tribal governments should be given priority protection when budgets are slashed, but should also be offered the opportunity through extensive consultation to review/recommend/reject/approve changes in the bureaucratic structure. This saving element, however, is a very large price to pay for the proposed burdens this administration is asking us to bear.

It is not that great a request to make of this committee that the FY83 appropriations be fair, reasonable, and economically sound. The current administration plans to shift the burden of taxation for services to State and local governments over the next decade. We paid the taxes of unmeasurable wealth in land and natural resources in our treaties over a century ago. And we have no tax base nor should we to replace a direct Federal government commitment and responsibility.

Mr. DELA CRUZ. One of the areas that we are mainly concerned with on the Quinault Reservation is the problem we have been coming back here for many years on: the forestry management problems on the Quinault Reservation. We are working to develop a comprehensive timber management program, including forestry removal and reforestation. The last two winters, we have had a lot of road deterioration.

With the money that has been allotted, that was barely keeping us ahead of the harvest, we are still falling back on reforesting land that was cut 20 and 30 years ago.

We have been able to clean up and reforest about 2,000 acres of land.

We're not making any specific requests in that area; we hope that at least we can hold what we have in the budget.

The other area that we have a major concern in—I believe you are aware of the problems they were having out there in the management of the Pacific salmon. We have had some trouble with Public Law 96-561 on the Salmon and Steelhead Planning and Enhancement Act of 1980. We need to have the money to solve the complex problems that have come over with the overlapping agency management problems that almost depleted the salmon.

We want to make a request for the 1983 budget that there be placed in that budget $2.5 million for the Salmon and Steelhead Planning Act.

The saving elements that the administration is proposing in its philosophy of getting the Government off the backs of the people, and the $16 million reduction of the BIA bureaucracy, the proposed concepts to streamline the BIA operations to improve efficiency and effectiveness need review.

The tribal government should be given priority protection when the budgets are slashed, but should also be offered the opportunity, through extensive consultation, to review, recommend, and reject and approve changes in the bureaucratic structure.

The saving elements that they are proposing, it is a very large price to pay for the proposed burden that this Government is placing on the tribal governments.

We are told that the Interior budget and Indian health budget are not taking a very large cut, only 7 percent, but when we look at the other agencies where tribal governments and Indian people are getting assistance, they are completely hamstringing the tribal governments. The CETA money, for example; what is happening in Indian country right now—the layoffs, and a lot of those jobs are related by the administration's lack of assistance to tribal governments to be able to provide assistance to their own people.

In closing, I would like to read the final paragraph out of my testimony.

It is not that great a request to make of this committee that the 1983 appropriations be fair, reasonable, and economically sound. The current administration plans to shift the burden of taxation for services to State and local governments over the next decade. We paid the taxes of unmeasurable wealth in land and natural resources in our treaties over a century ago, and we have no tax base, nor should we, to replace a direct Federal Government commitment and responsibility.

Senator McCLURE. Thank you very much, Mr. Dela Cruz. We appreciate your testimony.

Mr. DELA CRUZ. Thank you.

Senator McCLURE. Pueblo of Zuni, Robert E. Lewis.

STATEMENT OF ROBERT E. LEWIS, GOVERNOR OF PUEBLO OF ZUNI OF NEW MEXICO

ACCOMPANIED BY:
JAMES HAWKINS, PLANNING ASSISTANT
THOMAS KARWAKI, PLANNING ASSISTANT

Mr. LEWIS. Thank you, Mr. Chairman.

My name is Robert E. Lewis, and I am the governor of the Pueblo of Zuni, New Mexico, and with me I have James Hawkins, on my left, and Mr. Karwaki, and they are my assistants in planning.

I come before you today to point out that the Bureau of Indian Affairs has failed to include funds for the Southwestern Indian Polytechnic Institute in its fiscal year 1983 budget request. This means that without action from this committee, the Southwestern Indian Polytechnic Institute will close its doors to Indian youths in 1982.

SIPI, as it is called, is providing training that no other BIA school offers today. It attracts students from all over the United States.

The BIA is planning to close the Office of Technical Assistance and Training at Brigham City, Utah; without this office, the tribes have nowhere to turn for critically needed assistance in the solution of economic and governmental problems.

We believe that a cost-effective and comprehensive program of technical assistance can be developed at SIPI, Mr. Chairman.

We have a plan for the continued operation of SIPI as an institution which will play a key role in training Indian youth for important positions in high-technology industries. We are proposing to contract with the BIA for the operation of SIPI under the authority of Public Law 93–638, the Indian Self-Determination Act.

The BIA is sympathetic to our interests, but as pointed out, their fiscal year 1983 budget proposal contains no funds for operating SIPI or the Office of Technical Assistance and Training. This means that they will be unable to provide sufficient funding for contracting unless this committee authorizes the required funding.

We urge this committee to designate a line item in the BIA appropriation for the operation of SIPI and the provision of a program of assistance to the tribes. This would be in the amount of $7,900,000, which covers the actual training programs at SIPI, the operations and maintenance program, the development of new SIPI program thrusts, and the operation of a national technical assistance effort.

This amount also includes the overhead required to manage an effective program. This designation will permit the delivery of vitally needed training and technical assistance programs at SIPI and will give us time to seek major funding from the private sector. This action will, within 3 years, offer major reductions in Federal funding.

Mr. Chairman, the Pueblo of Zuni has invited other tribes to join with us in a consortium to provide for the overall management of these important programs. If we are successful, we intend to form the Native American Technical Assistance Corporation as a nonprofit foundation devoted to the development of high-quality, industry-specific, high-technology training programs at SIPI, and to deliver a nationwide program of technical assistance to Indian tribal governments.

I will submit additional information for the record, Mr. Chairman, and included is our statement for our health programs we are also submitting, which we would appreciate having for the record, as well as a copy to you, Mr. Chairman, of our new comprehensive development plan which just came from the printers.

Thank you, sir.

Senator McCLURE. Governor Lewis, thank you very much. We will take a careful look at the additional material that you have provided for us.

As you know, on a tight budget year, to face the requests for greatly expanded operations is going to be extremely difficult, but we will take a careful look and see what we can do.

Mr. LEWIS. Thank you, sir.

[The statement follows:]

Statement of Robert E. Lewis

MY NAME IS ROBERT E. LEWIS, AND I AM THE GOVERNOR OF THE PUEBLO OF ZUNI IN WESTERN NEW MEXICO. I WISH TO MAKE A BRIEF ORAL STATEMENT AND SUBMIT ADDITIONAL WRITTEN INFORMATION TO BE INCLUDED IN THE RECORD.

I COME BEFORE YOU TODAY TO POINT OUT THAT THE BUREAU OF INDIAN AFFAIRS HAS FAILED TO INCLUDE FUNDS FOR THE SOUTHWESTERN INDIAN POLYTECHNIC INSTITUTE IN IT"S F.Y. 1983 BUDGET REQUEST. THIS MEANS THAT, WITHOUT ACTION FROM THIS COMMITTEE, THE SOUTHWESTERN INDIAN POLYTECHNIC INSTITUTE WILL CLOSE IT'S DOORS TO INDIAN YOUTH IN 1982.

LET ME TELL YOU A LITTLE ABOUT THE SOUTHWESTERN INDIAN POLYTECHNIC INSTITUTE, OR, SIPI, AS IT IS KNOWN ALL OVER INDIAN COUNTRY.

SIPI IS LOCATED ON THE OUTSKIRTS OF ALBUQUERQUE, NEW MEXICO. IT IS A BUREAU OF INDIAN AFFAIRS POST SECONDARY SCHOOL, TRAINING INDIAN YOUNG PEOPLE IN VOCATIONAL AND TECHNICAL SKILLS. SIPI WAS AUTHORIZED BY CONGRESS IN 1966 AND COMPLETED IN 1971 AT A COST OF ABOUT $13 MILLION. IT IS THE FINEST POST SECONDARY INSTITUTION OPERATED BY THE BIA AND AN ESTIMATE OF TODAY'S REPLACEMENT COST IS APPROXIMATELY $60 MILLION.

DURING THE SHORT TEN YEARS THAT SIPI HAS BEEN IN OPERATION IT HAS GRADUATED A GREAT MANY YOUNG INDIANS WHO ARE NOW HOLDING DOWN PRODUCTIVE JOBS IN GOVERNMENT AND PRIVATE INDUSTRY. SIPI IS PROVIDING TECHNICAL AND VOCATIONAL TRAINING THAT NO OTHER BIA SCHOOL OFFERS TODAY. THE SCHOOL ATTRACTS STUDENTS FROM ALL OVER THE UNITED STATES, STUDENTS WHO KNOW THAT THEIR ONLY CHANCE OF BREAKING OUT OF THE RESERVATION POVERTY CYCLE IS TO GET THE KIND OF TRAINING THAT WILL PERMIT THEM TO QUALIFY FOR GOOD JOBS IN HIGH TECHNOLOGY INDUSTRY. THESE ARE PEOPLE WHO, DURING THEIR WORKING LIVES, WILL RETURN TO THE UNITED STATES IN INCOME TAXES, MANY TIMES THE COST OF THEIR TRAINING. THESE ARE YOUNG INDIAN PEOPLE WHO ARE NEEDED ON THE RESERVATIONS IF ECONOMIC DEVELOPMENT IS

TO BECOME A REALITY. THIS IS THE SCHOOL, MR. CHAIRMAN, THAT THE BIA WANT'S TO CLOSE.

SIPI CAME INTO EXISTANCE BECAUSE OF THE EFFORTS OF MANY PEOPLE - INDIAN AND NON-INDIAN. MANY YEARS AGO WE SAW HOW AMERICA WAS CHANGING, HOW MANY LOW SKILL JOBS WERE DISAPPEARING, AND NEW, HIGH TECHNOLOGY JOBS WERE BEING CREATED. WE BEGAN TO UNDERSTAND HOW THE COMPUTER IS CHANGING OUR WORLD. AS WE LOOKED AROUND, WE FOUND THAT THERE WERE VERY FEW SCHOOLS WHERE OUR INDIAN YOUNG PEOPLE COULD OBTAIN THIS TECHNICAL TRAINING NEEDED TO FIND WORK IN THIS COMPLEX INDUSTRY. IT WAS THEN THAT WE BEGAN TO PUSH FOR THE DEVELOPMENT OF SIPI AS A PLACE WHERE THE BEST VOCATIONAL AND TECHNICAL TRAINING FOR INDIANS COULD BE PROVIDED. IT TOOK YEARS TO ACHIEVE, MR. CHAIRMAN, BUT I CAN TELL YOU THAT MY HEART WAS FULL OF THANKFULLNESS THAT DAY IN 1970 WHEN I TOOK PART IN THE GROUND BREAKING CEREMONY. AND NOW, A SHORT TEN YEARS LATER, THE BIA WANT'S TO ABANDON THE EFFORT TO TRAIN INDIANS IN TECHNICAL SKILLS.

MR. CHAIRMAN, AMERICAN INDIANS NEED SIPI, NOT ONLY AS A SCHOOL WHERE OUR YOUNG PEOPLE CAN LEARN THE SKILLS LEADING TO GOOD JOBS, BUT ALSO AS A PLACE WHERE TRIBAL GOVERNMENTS CAN OBTAIN TECHNICAL ASSISTANCE THAT CAN ASSIST IN THE DEVELOPMENT OF OUR RESERVATIONS. THE BIA IS ALSO PLANNING TO CLOSE THE OFFICE OF TECHNICAL ASSISTANCE AND TRAINING AT BRIGHAM CITY, UTAH. WITHOUT THIS OFFICE, THE TRIBES HAVE NOWHERE TO TURN FOR CRITICALLY NEEDED ASSISTANCE IN THE SOLUTIONS OF ECONOMIC AND GOVERNMENTAL PROBLEMS. WE BELIEVE THAT A COST EFFECTIVE AND COMPREHENSIVE PROGRAM OF TECHNICAL ASSISTANCE CAN BE DEVELOPED AT SIPI.

MR. CHAIRMAN, WE HAVE A PLAN FOR THE CONTINUED OPERATION OF SIPI AS AN INSTITUTION WHICH WILL PLAY A KEY ROLE IN TRAINING INDIAN YOUTH FOR IMPORTANT POSITIONS IN HIGH TECHNOLOGY INDUSTRY. IN ADDITION, OUR PLAN WILL CREATE A MECHANISM WHICH WILL PROVIDE HIGH QUALITY TECHNICAL ASSISTANCE TO INDIAN GOVERNMENTS ACROSS THE COUNTRY. BEST OF

ALL, OUR PLAN WILL RESULT IN THE REDUCTION OF THE COST OF GOVERNMENT OPERATION, WHILE RETAINING A HIGH QUALITY, EFFECTIVE PROGRAM.

HOWEVER, IF WE ARE TO ACHIEVE THIS OBJECTIVE, MR. CHAIRMAN, WE NEED YOUR HELP.

WE HAVE PROPOSED TO CONTRACT WITH THE BIA FOR THE OPERATION OF SIPI UNDER THE AUTHORITY OF P.L. 93-638, THE INDIAN SELF DETERMINATION ACT. THE BIA HAS UNOFFICIALLY INDICATED A WILLINGNESS TO ENTER INTO THIS CONTRACT BUT POINT OUT THAT THEIR 1983 BUDGET PROPOSAL CONTAINS NO FUNDS FOR THE EDUCATION OPERATION AT SIPI. THIS MEANS THAT THEY WILL BE UNABLE TO PROVIDE SUFFICIENT FUNDING FOR THE CONTRACT UNLESS THIS COMMITTEE AUTHORIZES THE REQUIRED FUNDS.

WE URGE THIS COMMITTEE TO DESIGNATE A LINE ITEM IN THE BIA APPROPRIATION FOR THE OPERATION OF SIPI AND THE PROVISION OF A PROGRAM OF TECHNICAL ASSISTANCE TO THE TRIBES. THIS SHOULD BE IN THE AMOUNT OF $7,900,000 WHICH COVERS THE ACTUAL TRAINING PROGRAM AT SIPI, THE OPERATIONS AND MAINTENANCE PROGRAM, THE DEVELOPMENT OF NEW SIPI PROGRAM THRUSTS AND THE OPERATION OF A NATIONAL TECHNICAL ASSISTANCE EFFORT. THIS AMOUNT ALSO INCLUDES THE OVERHEAD REQUIRED TO MANAGE AN EFFECTIVE PROGRAM. THIS DESIGNATION WILL PERMIT THE DELIVERY OF VITALLY NEEDED TRAINING AND TECHNICAL ASSISTANCE PROGRAMS AT SIPI, AND WILL GIVE US TIME TO SEEK MAJOR FUNDING FROM THE PRIVATE SECTOR. THIS ACTION WILL, WITHIN THREE YEARS, OFFER MAJOR REDUCTIONS IN FEDERAL FUNDING.

MR. CHAIRMAN, THE MESCALERO APACHE AND THE NAVAJO HAVE JOINED WITH THE ZUNI TO MAKE THIS PROPOSAL. IF WE ARE SUCCESSFUL WE INTEND TO FORM THE NATIVE AMERICAN TECHNICAL ASSISTANCE CORPORATION (NATAC) WHICH WILL BE A NON-PROFIT FOUNDATION DEVOTED TO THE DEVELOPMENT OF HIGH QUALITY, INDUSTRY SPECIFIC, HIGH TECHNOLOGY TRAINING PROGRAMS AT SIPI AND THE DELIVERY OF A NATION-WIDE PROGRAM OF TECHNICAL ASSISTANCE TO INDIAN

TRIBAL GOVERNMENTS. WE ARE INVITING OTHER TRIBES TO JOIN WITH US IN THIS CONSORTIUM.

MR. CHAIRMAN, POSITIVE ACTION ON THE PART OF THIS COMMITTEE WILL BE GREETEED WITH ENTHUSIASM AND APPRECIATION AMONG INDIANS EVERYWHERE. IT WILL GIVE US AN OPPORTUNITY TO BUILD SIPI INTO A FORCE WHICH WILL MAKE A MAJOR CONTRIBUTION TO THE DEVELOPMENT OF RESERVATION ECONOMIES AND PROVIDE SKILLED EMPLOYEES TO AMERICAN HIGH TECHNOLOGY INDUSTRY.

MR CHAIRMAN, I WILL SUBMIT ADDITIONAL INFORMATION FOR THE RECORD. I THANK YOU FOR THE OPPORTUNITY TO APPEAR BEFORE THIS COMMITTEE.

Senator McClure. Yes, sir. Thank you.

The Phoenix Service Unit, Indian Health Advisory Board.

STATEMENT OF PERRY SUNDUST, PHOENIX SERVICE UNIT, INDIAN HEALTH ADVISORY BOARD

Mr. Sundust. I am a member of the service unit, chairman of the board. The organization is about seven tribes. It is a small board, consisting of seven tribes working with the Phoenix Advisory Board, as a medical center adviser.

The first item I would like to discuss—I want to discuss with the committee, is the obligation under Public Law 94–437 to improve the Indian health care.

Here again, we are facing another cutback. Continuously for the next 5 or 10 years, what would happen—this is the concern of the southwest, and my people in the Phoenix area.

Those laws do not mean anything nowadays. Congress can make a law and change it next year, and appropriation is not provided.

This administration is the problem that we are facing. I feel that the Indian people will be suffering in the quality of health care. It is not provided to them, and there are no facilities and specialists. We are concerned about that.

The second item that I would like to bring out is the item of the management of the health service areas. It seems to me the redtape and policies in a beaureaucracy had changed a lot of this quality care that I'm talking about in a local reservation on the service unit level and the medical center level.

If the doctors had to hire temporary nurses, they have to go through the chain of command all the way up to the headquarters, to the Assistant Secretary before they even get approval for 2 or 3 months, at a time limit.

I do not think it would be very effective of managing this health facility at a local level, and we ask that Congress look into the change in this policy so it would be manageable in the freedom in managing their own hospitals in the local level.

However, the redtape is binding to the Federal regulations. It has been quoted so many times, and I see this as a problem.

The third problem is, the outpatient load which was 120,000 outpatients in 1 year. It is increasing, because so-called Indians, one-sixteenth Indian, are getting service at the medical center. We felt that this area could be changed, so that only full-blood or quarter-blood Indians can get the services.

We are increasing the numbers of eligibility, which could be worked out by the local tribes, the State of Arizona. The tribes are working on this and are concerned about increasing so-called Indians getting the service in the medical center.

These are the three items that I'd like to bring up. I will followup with a document.

Senator McClure. I appreciate that, and on the latter point I appreciate your testimony, because I think you are exactly right. We're going to try to help you out on that.

Thank you.

Mr. Sundust. Thank you.

Senator McClure. Yes, sir. Thank you.

[The statement follows:]

STATEMENT OF PERRY SUNDUST

Brief Summary

We are requesting that the Committee: 1) reinstate all necessary funds to ensure the continuation of all health services for American Indian people. 2) Legislation be introduced to define eligibility for IHS services at 1/4 or more quantum Indian blood, and 3) Legislation be introduced to change restrictive Federal rules and regulations for the purpose of promoting sound management and creativity in the utilization of available health dollars by Indian Health Service personnel.

Mr. Chairman and Committee members:

My name is Perry Sundust. I am the Chairman of the Phoenix Service Unit Indian Health Advisory Board. This Board is composed of representatives from seven central Arizona Tribes. The primary roles of this organization are: 1) to manage innovative health services and 2) to communicate with and advise the Phoenix Indian Medical Center on the needs of the institution's service population. I would like to present today a few concerns of the organization I represent. I would also like to offer recommendations for legislative or executive actions. The present policies of the Federal government are damaging the health systems which provide services to all American people. Unfortunately, the damage to the system which serves Indian people is even much greater and will have a disastrous and long lasting effect. The budgetary cuts being implemented by the Reagan Administration do not make provisions for a rational approach in the reduction of expenditures for health services. Consequently, vital services are being jeopardized haphazardly, unwisely, and in a very destructive manner.

The Indian Health Service is at the present time extremely underfunded at the hospitals and clinics level. The quality of services throughout the system is seriously threatened by untimely and poorly planned budgetary cuts. Cost effective allied health services such as the Community Health Representative Program, which are very much needed and wanted by the Indian community, have been cut by as much as 21%. It is quite evident to me that the Federal government is intentionally destroying the system which serves my people. I would like to warn you that these actions will have legal implications which will eventually attract world wide attention.

Here are some specific issues and solutions that I would like to offer for your consideration.

ISSUE #1

The extent of the Reagan cuts imply that the Federal government is braking legal obligations to the American Indian people. These presidential actions are an abrogation of the intent of treaties between the United States of America and Indian tribes. I am certain that you are aware that an alternative method of financing and providing health care has not been offered to the tribes as of this date.

RECOMMENDATION #1

a. Introduce legislation to reinstate all necessary funds to ensure the continuation of all health services for Indian people.

b. If tribal health programs and Indian Health Service facilities cannot be funded at an adequate level, the Federal government must offer the Indian people an alternative system of funding such programs.

ISSUE #2

The resources of the Indian Health Service (IHS) are being diluted by increases in the eligible population based on an imprecise criteria. At the present time there is a large group of people receiving health services from IHS by simply claiming that they have a distant blood relationship with the American Indian. In the process they deny services to Indian people with greater needs.

RECOMMENDATION #2

Legislation must be introduced to define eligibility for IHS services at 1/4 or more quantum Indian blood.

ISSUE #3

Federal rules and regulations have forced the Indian Health Service (IHS) to create a cumbersome decision-making system which impedes sound managerial decisions and eliminates all incentives for creativity.

For example, the typical IHS hospital cannot adopt timely measures to cope with shortages of critical personnel or the replacement of essential equipment. Even if funds have been budgeted for these line items, the management of the hospitals must initiate a slow approval process which requires review and approval by the local "Area Office" and eventually by the IHS Headquarters Office. This is definitely not an intelligent method of delivering health services.

Restrictive policies create situations where IHS personnel are not motivated to maximize their existing resources in creative ways. Millions of contractual dollars are flowing into hospitals outside the IHS system for services that could be provided within IHS facilities more economically providing that operational dollars were available. At the present time IHS employees are not motivated to bill insurance carriers or to capture other resources, because every dollar collected would have to be surrendered to the U.S. Treasury.

RECOMMENDATION #3

Legislation must be introduced to change restrictive Federal rules and regulations for the purpose of promoting creativity in the utilization of available resources.

a) The Phoenix Indian Medical Center (PIMC) and other Service Units should be given autonomy on all matters relating to their operations. This would include control of their own budgets.

b) Similarly, the Phoenix Area Office of IHS must be given complete autonomy from Headquarters on matters which pertain to activities of the Phoenix service area. This arrangement would permit delegation of authority and responsibility to all Service Units.

c) There is an urgent need to design a system which will motivate IHS personnel to capture all health resources. A mechanism should be created to allow each Service Unit to retain every dollar collected.

d) There is an urgent need to promote the creation of cooperative relationships between IHS facilities and tribal corporations for the purpose of establishing revenue generating enterprises. Tribal corporations could play the role of subsidiary and/or for-profit corporations whose sole purpose would be to maintain and improve IHS services.

e) Greater emphasis must be placed upon the transfer of IHS programs to tribal organizations which wish to assume responsibility for such programs. It is imperative that artificial barriers be lifted in order to permit such transfers.

Senator STEVENS. Let me see if the Upper Colorado Commission people are here yet.

[No response.]

Senator STEVENS. Is the National Tribal Chairmans Association here?

[No response.]

Senator STEVENS. Next is the National Advisory Council on Indian Education. Dr. Doss.

STATEMENT OF HELEN M. REDBIRD, CHAIRPERSON

ACCOMPANIED BY MICHAEL P. DOSS, EXECUTIVE DIRECTOR, NATIONAL ADVISORY COUNCIL ON INDIAN EDUCATION

Ms. REDBIRD. I am Helen Redbird, chairperson of the National Advisory Council on Indian Education. I belong to the western band of the Cherokee. Accompanying me this morning is Dr. Michael Doss, who is the executive director of the National Advisory Council on Indian Education, a member of the Crow Tribe.

I will not read the testimony. You have a copy of it. I will summarize it, the main points, that are significant to us in the testimony.

Since these times are austere times, and the question of what is going to happen to Indian education is of major concern to us, no matter what happens to it, we would like to submit the following budget request. The council would like to request that the funding level appropriated by the Congress of the United States for fiscal year 1983 remains stable at fiscal 1982 level of funding.

The National Advisory Council on Indian Education supports a fiscal year 1983 budget request on behalf of Public Law 92-318 parts A, B, C, and D, in the amount of $77,852,000. Why does the council feel so strongly about the funding for this, no matter where the project goes? It is our belief that the most significant legislation passed by the Congress has been title IV, because it is the first time that responsibility for education has been placed in the hands of the parents of Indian children and on the responsibility of the learner, whether it is a child learner or an adult learner.

Up to the time title IV was passed, the responsibility for education of Indian people was given to bureaucracies, was given to churches, was given to other kinds of organizations. Title IV is extraordinary. It involves the actual kinship unit in the education of Indian people. Although the council has been working diligently to improve our effectiveness toward fulfilling our congressionally mandated function, we have for the past 2 years been constrained by the political environment within which we are embedded.

The rapid changes in the location of the Office of Indian Education Programs include the following: To change the placement of the title IV programs from the separate organization entity within the former Office of Education within the Department of Health, Education, and Welfare to an Office of Indian Education within the recently established U.S. Department of Education; a change from the Office of Indian Education to the title of Indian Education Programs within the Office of Elementary and Secondary Education—and today another change in organizational placement is proposed in the budget of the U.S. Government fiscal year 1983. The administration's proposal to abolish the Indian education programs that were formerly administered by the Department would be transfered to the Bureau of Indian Affairs at the U.S. Department of the Interior.

With that preface, then, I would like to then move to the major concerns: The difficulty of consistency of placement, and what might be for the future. Since the issue of the survival of the Indian Education Act, title IV, a Public Law 92-318 is before us today. The council will not go through all of the past budget history, but would like to call the attention of the committee to several important concerns.

First, the National Advisory Council on Indian Education is opposed to the proposal to transfer the Indian Education Act programs to the Bureau of Indian Affairs at the U.S. Department of the Interior. Why? Basically, the title IV considers two segments of population that the Bureau of Indian Affairs does not consider. Title IV considers not only the nonrecognized Indians, who consider themselves Indians, but also it considers the urban Indian.

The States that have the largest urban population could be Arizona, Oklahoma, and California—three States in the last census had a large population, for whom the Bureau takes not at all into the consideration. In the State of Oklahoma, for example, there is only one federally recognized tribe, the Osage, so our concern is that they would not be considered in the educational efforts of the Bureau.

Second, the council supports, including the Indian education programs in either an independent agency or education foundation if the U.S. Department of Education is abolished by the Congress of the United States.

Third, the council would like to see all Indian education-related programs, such as the 1-percent Indian vocational set-aside programs and others, consolidated with the same organizational entity and be administrated by a staff of professional Indian educators or educated Indians and natives.

And fourth, the council recognizes that Indian education is a Federal trust responsibility, and that the primary source of education of Indian and Alaskan Native children and adults rests with the Federal Government, not with the States.

Senator STEVENS. We will be glad to read your whole statement. I have to say that I could not disagree with you more, though, because in this tight budget period there is going to be extreme pressure on these entities, and unless they consolidate them, we are not going to be able to maintain the levels of funding that we would like to see. We thought of putting the Bureau of Indian Affairs educational efforts into the Office of Education area because of just the reverse of what you say. It is impossible for us, if the recommendations of the administration are followed—it is impossible for us to contemplate all the BIA effort that would go into the education foundation.

I would urge you to reconsider that. It is a recommendation, to us, that would lead to a reduction in the effort, and, as a matter of fact, if your primary goal is to have Indians and Alaskan Natives be involved in administering the program, the only place that will happen is in the Department of the Interior in BIA, under their preference statute. That is the one place that the preference is working, and where you can be assured that the supervisors will, in fact, be people from the Indian community.

But this is not the place to argue it. I would be glad to discuss it with you sometime. I have already discussed it with our people up north, and if the Department of Education is to be dismantled as recommended by the administration, we would rather see the effort for Indian education go back to BIA than to see it go into the foundation that would be a new type of entity that does not have any track record at all.

Thank you very much.

Ms. REDBIRD. May I say that in support of the reauthorization for title IV that our empirical data that will be forwarded to Congress will include six or seven volumes, comparable to this, from Indian people in relation to their position; and then we will also be forwarding to Congress the report that will come, that covers the last 2 years of the efforts.

Senator STEVENS. If you want title IV to survive, I think you'd better support going the other way, moving the Office of Education activities back to BIA. I believe I would support the extension of title IV, also. Thank you very much.

PREPARED STATEMENT

Ms. REDBIRD. Thank you.

Senator MCCLURE. We will insert your prepared statement in the record at this point.

[The statement follows:]

STATEMENT OF DR. HELEN M. REDBIRD

Good morning Mr. Chairman and members of the Senate Interior Appropriations Subcommittee. My name is Dr. Helen M. Redbird, the current Chairperson of the National Advisory Council on Indian Education. Seated to my left is Dr. Michael P. Doss, Executive Director of the National Advisory Council on Indian Education. We'd like to thank you for the opportunity to appear before the Subcommittee today to present the Fiscal Year 1983 budget request by the National Advisory Council on Indian Education in support of the Indian Education Programs administered by the Indian Education Programs Office located within the Office of Elementary and Secondary Education at the U.S. Department of Education established by the Indian Education Act, Title IV of the Public Law 92-318, Parts A, B, C and D.

THE FISCAL YEAR 1983 NACIE BUDGET REQUEST FOR TITLE IV, PARTS A, B, C AND D

With regard to the Fiscal Year 1983 budget request for Title IV of Public Law 92-318, Parts A, B, C and D, the Council would like to call to your attention to the fact that the funding level appropriated by the Congress of the United States in Fiscal Year 1982 was inadequate to meet the needs of Indian children and adults in the United States, since only approximately 80% of the local educational agencies participated in the programs. The impact needed for continued improvement requires increased funding for all parts of Title IV; however, given the need for fiscal austerity in the Federal Government, the Council would like to request respectfully that the funding level appropriated by the Congress of the United States for Fiscal Year 1983 remain stable at the Fiscal Year 1982 level of funding. The National Advisory Council on Indian Education supports a Fiscal Year 1983 budget request on behalf of Public Law 92-318, Parts A, B, C and D, in the amount of $77,852,000. However, the Council would like to submit a specific recommendation with regard to the funding level of Title IV of Parts B and C. At the last meeting of the Council held in Nashville, Tennessee, on January 8-10, 1982, the Council recommended that the Part B and C budgets which fund planning, pilot and demonstration projects and adult education projects, respectively, be increased for Fiscal Year 1983. The Council recognizes the need for fiscal austerity in the Federal Government and, therefore, would like to request that the funding level appropriated for the Council for Fiscal Year 1983 remain stable at the Fiscal Year 1982 level of funding. We would like to request respectfully that the Council be provided $202,000 in Fiscal Year 1983 for the purpose of continuing the work of the National Advisory Council on Indian Education.

It is our deep belief that the Indian Education Act is the most significant legislation passed by the Congress that has addressed positively Indian educational needs in the United States. The Congress, in providing for direct Indian parental involvement in the educational process via the Indian Education Act, took a bold innovative step on behalf of American Indians and Alaskan Natives. Without these provisions in the law, Indian parental involvement in their children's education would be minimal and, at best, only superficial.

The National Advisory Council on Indian Education, which was established by the P.L. 92-318, on June 23, 1972, has provided a unique service both to the President and the Congress by reviewing the administration of Indian educational programs benefiting Indian children and adults. The Council fulfills an extremely diverse and important role in the implementation of the Indian Education Act, since we are responsible for reviewing the administration of all Title IV programs. All members of the National Advisory Council on Indian Education are Indians and represent distinct Indian populations residing within the United States. Our primary responsibility has focused upon the effective utilization of funds expended under Title IV of the Indian Education Act of 1972. These funds are administered by the Indian Education Programs Office now located within the Office of Elementary and Secondary Education at the U.S. Department of Education. The educational programs represented in Title IV, and subsequent amendments, were designed to accomplish the following objectives:

1. To meet the special educational needs of Indian children;
2. To improve educational opportunities for Indian children;
3. To provide programs of financial assistance to institutions of higher education, Indian organizations and Indian tribes for the purpose of preparing Indian individuals for teaching or administering special programs and projects designed to meet the special needs of Indian children;
4. To provide programs of financial assistance for the improvement of educational opportunities for adult Indians; and most recently;
5. To provide a program of financial assistance to Indian students for undergraduate and graduate study in engineering, medicine, law, business, natural resources and related fields.

We must direct your attention to the fact that our Council has assumed far wider responsibilities in the immediate past in serving as the sole vehicle for the representation of the education needs of all Indian and Alaskan Native children, wherever they reside within the United States. Our responsibilities are distinct from those assumed by the Office of Indian Education Programs at the Bureau of Indian Affairs, which provides educational programs for Indian students who are members of the Federally recognized tribes. In keeping with the legislative mandate and statutory authority contained in Title IV of Public Law 92-318, our responsibilities extend to education programs for Indian and Alaskan Native children, wherever they reside, whether it be urban or rural, reservation or nonreservation and, whether or not they are members of the Federally recognized tribes.

The Council worked to establish an "Indian Education Coordinating Committee" in 1980, consisting of the top management of the Office of Indian Education at the U.S. Department of Education and the Office of Indian Education Programs at the Bureau of Indian Affairs, U.S. Department of the Interior for the purpose of preventing duplication of services to increase coordination and to maximize all available resources appropriated by the Congress of the United States for Indian and Alaskan Native education. Subsequent meetings have resulted in improved communications between these two major agencies of the Federal Government responsible for the education of Indian children and adults in the United States. Several interagency agreements have been consummated between the Department of Education and the Department of the Interior in recent months, and increased cooperation is planned to prevent duplication of services.

Although the Council has been working diligently to improve our effectiveness toward fulfilling our Congressionally mandated function, we have for the past two years been constrained by the political environment within which we are imbedded. The rapid changes in the location of the Office of Indian Education Programs include the following: (1) a change in the placement of the Title IV programs from a separate organizational entity within the former Office of Education within the Department of Health, Education and Welfare to an Office of Indian Education within the recently established U.S. Department of Education; (2) a change from an Office of Indian Education to the title of Indian Education Programs within the Office of Elementary and Secondary Education; and (3) today, another change in organizational placement is proposed in the "Budget Of The United States Government, Fiscal Year 1983", where under the Administration's proposal to abolish the U.S. Department of Education, Indian education programs that were formerly administered by the Department would be transferred to the Bureau of Indian Affairs at the U.S. Department of the Interior. To say the least, the ability of the Council to concentrate its attention upon the quality of Indian education has been distracted. Constant concern with regard to the survival of Title IV has been a fact of our organizational history, as reflected in our last two annual reports to the Congress of the United States. Although the Council has been greatly distracted by reorganization and placement of Indian programs, the National Advisory Council on Indian Education has been intent on meeting our Congressionally mandated responsibilities, and efforts have been continual in ensuring quality education programs and services for Indians. For example, in February 1981, the Council submitted to the Congress of the United States the findings and recommendations of "An Administrative and Programmatic Study of the Office of Indian Education at the U.S. Department of Education." Later, in July 1981, the Council conducted an "Implementation Review of an Administrative and Programmatic Study of the Office of Indian Education" to ascertain progress toward the recommendations contained in the initial study. The findings of the follow-up study were presented to the Director of Indian Education Programs at the U.S. Department of Education in January 1982. In addition, the Council has held six Federal Hearings on the "Reauthorization of the Indian Education Act, Title IV of Public Law 92-318" to solicit direct input from Indian tribes, organizations and individuals who administer these programs or who are affected by them. All testimony received is being copied and collated now for future presentation to the Congress. Also, two members of the Council have been involved in the Part A, Impact Evaluation in an advisory capacity. Furthermore, the Council has kept abreast of the additional studies of Title IV programs conducted during the past three years.

Since the issue of the survival of the Indian Education Act, Title IV of Public Law 92-318, is before us today, the Council will not recite the budget history of the Council, but would like to call the attention of the Committee to several important concerns. First, the National Advisory Council on Indian Education is opposed to the proposal to transfer the Indian Education Act programs to the Bureau of Indian Affairs at the U.S. Department of the Interior, where the Council contends they would be abolished; second, the Council supports including the Indian Education Act programs in either an independent agency or education foundation if the U.S. Department of Education is abolished by the Congress of the United States; third, the Council would like to see all Indian education related programs, such as the "1% Indian Vocational Set-aside Program," and others consolidated within the same organizational entity and be administered by a staff of professional Indian educators; and fourth, the Council recognizes that Indian education is a Federal trust responsibility and that the primary source of education of Indian and Alaskan Native children and adults rests with the Federal Government, not with the states. This Federal trust responsibility for Indian education must be fully implemented, maintained and upheld. The four concerns identified above are shared with few minor exceptions by the other national Indian organizations.

As in the past, Indian people now look toward the Congress of the United States, that entity of the Federal Government which initiated the Federal Indian trust responsibility by treaty, for our future educational needs on behalf of our children and adults. Via the establishment of Public Law 92-318 Title IV of the Indian Education Act of 1972, the Congress of the United State took a bold step toward meeting the educational needs of our children. Indian education, as characteristic of non-Indian education, is an on-going process which requires continued commitment to meeting the educational needs of childr and adults. During the past 10 years, the Indian Education Act has begun the process of addressing the educational and cultural needs of our people. In assuming this major responsibility, the Congress of the United States recognized accurately that the educational and cultural needs of Indian children ar adults had not been met in the past. There is strong evidence that these need are being met in 1982, and will continue to be met in the future if supported by the Congress of the United States.

NATIONAL ADVISORY COUNCIL ON INDIAN EDUCATION MOTION # 15

DATE 10-11-81

LOCATION Portland, OR

MOTION MADE BY Robert J. Swan

MOTION SECONDED BY John Rouillard

I MOVE that the National Advisory Council on Indian Education recommend to the Secretary of Education that if the U.S. Department of Education is dismantled within the next year, that all Indian education programs (Title IV, A, B, C & D) along with all other programs directly benefitting Indian children and adults (i.e., Impact Aid, 1% Vocational Education set-aside, etc.) within the U.S. Department of Education be transferred intact to an independent agency or foundation other than the U.S. Department of the Interior.

COUNCIL ACTION

FOR: 13

AGAINST: 1

ABSTENTIONS: 0

TEMPORARILY ABSENT: 0

NATIONAL ADVISORY COUNCIL ON INDIAN EDUCATION MOTION # [illegible]

DATE 10-11-81

LOCATION Portland, OR

MOTION MADE BY Robert J. Swan

MOTION SECONDED BY Ruby Ludwig

I MOVE that the National Advisory Council on Indian Education recognizes that Indian education is a federal trust responsibility and that the primary source of education of Indian children and adults rests with the Federal Government. Further, the National Advisory Council on Indian Education recommends to the U.S. Congress that this federal trust responsibility for Indian education be fully implemented, maintained and upheld.

COUNCIL ACTION

FOR: 13

AGAINST: 0

ABSTENTIONS: 0

TEMPORARILY ABSENT: 1

STATEMENT OF ROBERT A. ROESSEL, JR., NAVAJO MISSION/ACADEMY

Senator STEVENS. The Navajo Mission.

Mr. Roessel, good morning.

Mr. ROESSEL. Good morning. Mr. Chairman, ladies and gentlemen, I will not read my testimony. I will just summarize it.

I represent the Window Rock Public School District on the Navajo Indian Reservation. Last April, their high school burned down. We had been trying, even before that date, to get new facilities. We have submitted an application for 815 funds. We presently are No. 1 on the list, or No. 2, but the school that is No. 1 is evidently not going to qualify.

We are attempting through approaching this committee to ask that under the provision that provides for public school construction in Public Law 93–638, which has not been funded in recent years, funds be provided, so that the 1,000 Navajo students that are presently attending the high school at Window Rock will have an opportunity to continue to attend the high school.

Senator STEVENS. Where are the students now?

Mr. ROESSEL. They are at Window Rock. Temporary facilities were gotten from Gallup, McKinley, Tohatchee, Crownpoint areas. They have been leased for 3 years. This is the end of the first year. At the end of 2 more years, they will have to be returned. We are hopeful that some action can be taken that would allow this high school to be completed.

Senator STEVENS. Who owns the facilities you are leasing now?

Mr. ROESSEL. The Gallup McKinley School District.

Senator STEVENS. Is that a high school?

Mr. ROESSEL. It is a unified district. It operates K through 12.

Senator STEVENS. The facilities you are using, were they a high school previously?

Mr. ROESSEL. They were temporary. There were two classrooms, a temporary unit, that was brought in, so that is what we have at present. They were not, you know, a unified high school, just temporary facilities that we are presently using.

Senator STEVENS. You moved in two of their portable units?

Mr. ROESSEL. They brought the temporary units over to us, so we brought them over to the school district. So that is what we are now using. They cost us about half a million dollars. The local school district is bonded to capacity. We have approximately $2 million that we are going to put in, of local money, to help us, but because of the nontaxability of reservation land, there is no more money that would be available for this purpose.

Senator STEVENS. When did this school burn down?

Mr. ROESSEL. April 1981.

PREPARED STATEMENT

Senator STEVENS. Thank you very much. We will look at it and see what we can do. Your statement will be placed in the record.

[The statement follows:]

STATEMENT OF ANSELM G. DAVIS, JR.

My name is Anselm G. Davis, Jr. I am the superintendent of schools for the Window Rock Unified School District in Arizona.

My testimony today is submitted to illustrate our growing conviction that many changes being made in the Federal budget have no relation to documented needs and to historic Federal responsibilities. We recognize the deep concerns which exist in regard to the continuing Federal deficit; we acutely share the concerns created by inflation, high interest rates, unemployment.

But we must contend that many of the budgetary changes being proposed by bureaucrats in the administration and the Office of Management and Budget are arbitary and capricious and are being suggested without any understanding of the short- and long-range effects. This concern extends to all federally-funded educational programs, but our particular focus today is on Federal assistance for school construction on Indian lands.

Federal policy of the past 200 years has resulted in the establishment of certain lands as Indian reservations; these lands are federally-owned and therefore tax-exempt. They are lands reserved and held in trust for the various Indian tribes due to a special status established by a long series of treaties, Executive Orders, congressional actions, and court decisions.

We will not burden this committee with a long recitation of the history of these actions, nor with the many studies that have continually documented the sub-standard quality of the educational programs provided for Indian children in unsafe and inadequate facilities. These studies, as recent as the report of the Presidental Commission on Impact Aid, submitted in July 1981, and the report on Navajo education requested by Congressman Sidney Yates, have thoroughly documented a sad record.

Congress has recognized many of these needs in legislation including Public Laws 81-815, 93-638, and 95-561. Unfortunately, this recognition of needs has never been matched by appropriations.

At this time there are over 70 applications on file in the 815 office, representing public schols on Indian lands in 20 States. There are no new projects being funded in fiscal year 1982, due to the budget reductions and the failure of Congress and the administration to agree upon an education appropriations bill for fiscal year 1982. For fiscal year 1983 the President proposes to move the Indian school construction, section 14 of Public Law 81-815 to the Bureau of Indian Affairs with $800,000 apparently being recommended for administration of the program and no funds for actual projects. Section 204 of title II of Public Law 93-638, which has a similar purpose, was funded only the first year that the law was enacted.

The great majority of all schools on Indian lands, whether public, BIA, or tribal contract schools, are in sad condition, unsafe, unsanitary, and inadequate. Although the educational programs being provided for Indian students have improved dramatically in the past few years, they have not yet reached parity with off-reservation programs. The drastic effects of reductions in all Federal education programs, combined with the lack of funds for facilities, leads us to believe that future progress will be severely limited.

In his fiscal year 1982 budget message, President Reagan recognized, in respect to Public Law 81-874, "a legitimate Federal role" in supporting the education of federally-connected children when they comprise more than 20 percent of a school's enrollment. In the schools we are discussing over 90 percent if not all of the children are federally-connected. Of equal significance is the fact that 30 to 100 percent of the land within these districts is federally-owned and tax-exempt.

The assessed valuations of these districts are so low that the sale of bonds cannot provide enough to adequately maintain the buildings, let alone build new ones. These schools are constantly forced to use basic funds just to keep the schools open instead of for educational efforts. Due to their isolation, these schools must also provide housing for their teachers. BIA and tribal contract schools must rely entirely upon Federal funding and are in the same sad shape as public schools. The States continue to assert that the basic responsibility for educating children on reservations belongs to the Federal Government. The new "federalism" being proposed by the administration has totally ignored Indian tribes. Are they simply going to disappear through another of the large holes in the so-called safety net?

We hope not. We hope that a school district like the Window Rock Unified School District will have money through Public Law 81-815 or through some other funding source to build the new high school it needs.

In April 1981, a fire destroyed our high school. Currently, we have 35 temporary relocatable classrooms which we are using in the present emergency. Our enrollment dropped 25 percent following the fire because students stated that Window Rock no longer had a high school, only a collection of trailers.

Locally, we have done everything possible in terms of raising moneys for a new facility. We are bonded to a maximum capacity and have a $2 million bond issue which we have not been able to sell. The Navajo Tribal Council, as well as the chapters within the school district, have passed resolutions supporting our request for immediate construction moneys with which to rebuild the high school.

We have tried many ways to obtain money for our new high school: one, Public Law 815 moneys have been pursued; two, Public Law 815 disaster moneys have been pursued; three, Public Law 93-648 moneys have been pursued, and any other ways of obtaining the funds would actively be pursued.

We have been advised that in fiscal year 1982, our Public Law 815 application was ranked second with a recommended expenditure of $15,400,000. We have used this figure in developing plans for our new high school. We fervently hope that Congress, in all of the new and every-expanding Federal cutbacks, will not eliminate the only money that can be used and raised to build the Window Rock high school. Certainly, if there is a safety net which is designed to hlep those that can receive help from no other source, then that safety net must include and help our district.

STATEMENT OF LAWRENCE SNAKE, TREASURER, NATIONAL INDIAN HEALTH BOARD

ACCOMPANIED BY:
JAKE WHITECROW, EXECUTIVE DIRECTOR
TONY SECATERO, CHAIRMAN
PATTY MARKS, WASHINGTON, D.C. OFFICE

Senator STEVENS. The National Indian Health Board, Jake Whitecrow.

Good morning. Would you tell the reporter who is at the table, so that she will have the record.

Mr. SNAKE. I am treasurer of the National Indian Health Board. I am accompanied today by Mr. Jake Whitecrow to my left; and to my immediate right is Mr. Tony Secatero, chairman of the Indian Health Board; and Patty Marks of our Washington, D.C., office.

The National Tribal Chairmen, National Indian Health Board, in connection with the American Conference of American Indians, respectfully submit this testimony. Together with these three Indian organizations, it represents virtually 100 percent of the Indian community served by the Indian Health Service. On behalf of the Indian community, we are here today, to address some of these critical issues.

We have not received the final figures for fiscal year 1982. This causes budgets to fluctuate constantly. IHS has not been reimbursed for the transfer of the 150 persons for the core staff. In addition, many of these people have not yet showed up. They are on annual leave or have rejected the available positions. Clinical services requests are increasing. The dollars are higher. Inflation is higher yet.

IHS's own estimate states due to 1981 inflation its ability to provide or purchase services has been reduced by $58 million. Indian communities since January 1981 have felt the effects of cuts in the form of discontinued surgical services and extreme restrictions on contract care.

Coupled with this, the hiring freeze keeps staff physicians unavailable. The recruitment program goes on. Cuts as a result of inflation are threatening accreditation. If accreditation goes, so does medicare and medicaid and other third-party reimbursement.

Contract health care programs are running short. In 1981, all programs on priority No. 1, for life and limb only—this has led to deferred surgery. Cuts in ambulance programs due to CETA has forced them to limit services, and results in the increase of private ambulance firms at a higher cost.

IHS proposed to put contract care out for bids to facilities within a 90-mile radius. Tribes have not been informed as to the criteria for these bids. We are opposed to the use of medicare-medicaid funds to offset appropriations. This violates Public Law 94–437, which states that these funds are to be placed in a special fund by the Secretary and used to bring facilities up to standard. This shall be terminated only after our facilities are determined to be in compliance. The IHS backlog shows this is far from the case.

Community health representatives, CHR, represent the only IHS program almost exclusively under contract with the tribes. CHR's provide continued care for many reservations. The hiring freeze means we lose the 2,200 people, and that would devastate the hospital and clinic operations.

Paid for by the Emergency Medical Service Systems Act, EMS can make ambulance runs at around $35, while private firms charge up to $400. Unmet needs remain at $10 million for the EMS program.

MANPOWER

The proposed cuts mean no new scholarships. As of 1979, 94 students have graduated from health professions programs as a result of this support from Public Law 94–437. Indians have no outside scholarship assistance in this health area. Recent statistics show there have been increases in the number of Indians in postgraduate work

URBAN HEALTH

We support urban health. We need this Committee's help in assuring that this program is not defunded.

CONSTRUCTION

We know that the delay in releasing 1982 funds has put IHS behind schedule. We understand that Congress has developed construction priority lists, and we are upset that this has been put aside as a result of the budget cuts.

In closing, Mr. Chairman, the administration has pushed Indian tribes in two different directions—services and economic development. Given the choice of health services or economic development, health service must come first. The tribes must have services continued, if they have a real option for the use of their limited funds for economic development.

On behalf of the Indian community and our organization, we would like to thank this committee for its interest in these critical issues. Thank you, sir.

PREPARED STATEMENT

Senator STEVENS. Thank you. We will review your complete statement. It will be printed in the record.

We realize you have problems, too. I am sure that you will realize our problems. We will consult with you on this budget. Thank you very much.

Mr. SNAKE. Thank you.

[The statement follows:]

STATEMENT OF TONY SECATERO

My name is Tony Secatero and I am the Chairman of the National Indian ealth Board. I am accompanied today by Mr. Jake Whitecrow, the Executive irector of our Board. On behalf of our membership and that of the National Congress of American Indians and the National Tribal Chairmen's Association, I would like to thank you for providing us this opportunity to voice our concerns regarding the proposed FY 1983 budget for the Indian Health Service.

We would like to make comments on each of the IHS budget categories. Before doing this however, I would like to make some brief comments on the present situation.

As I am sure you can imagine, these first few months of FY 1982 have been extremely difficult for Indian Tribes and Urban Health Organizations. Because the IHS area offices have not yet received their final allocation figures for FY 1982, tribes and Indian health projects have been operating on budgets which fluctuate constantly. As a result, Indian Health Directors have been forced to spend an exorbitant amount of time adjusting budgets. Staff morale is low, with people not knowing when or if they will have a job; and the quality of health services to our people has clearly suffered. To make matters worse, consultation sessions, training, and contract negotiations have been severely inhibited by the freeze on travel of IHS employees.

While we realize that this has been a difficult year for the Congress nd IHS, we are hopeful that something will be done to correct this situation immediately.

We are also deeply concerned that IHS has not yet presented a request to cover the anticipated FY 1982 pay raise for IHS employees. This pay raise will cost over $18 million. If specific provisions are not made these monies will have to be taken from the IHS program services with the largest percentage coming from the IHS clinical services budget.

This situation has occurred in the past and has severely hindered IHS' ability to deliver services. For example, the Portland Area in 1980 was forced to "Absorb" $193,000 from its services budget. This figure was increased to $331,000 in 1981 and it is anticipated that it will be further increased to $948,000 in FY 1982 and well over a million dollars in FY 1983. We therefore ask the Committee to provide $18 million in a supplemental 1982 Appropriations to cover the Congressionally mandated pay increases for IHS employees.

In addition to these problems, we understand the IHS has yet to be reimbursed for the transfer of over 150 Commission Corp staff from PHS. The onies which IHS has not received for the relocation of these personnel and for their increased salaries is placing a drain on IHS' allocations. The problem is conpounded by the fact that numerous Indian tribes have informed us that a substantial percentage of the PHS medical personnel accepted for transfer by IHS are not yet practicing in the IHS facilities but are either on paid annual leave or have rejected the available positions offered them. We would like this Committee to investigate the total impact of this transfer both on the IHS budget and on the actual delivery of patient care, and do whatever possible to correct this obvious mess.

CLINICAL SERVICES

The Administration's requested increase for clinical services for FY 1983 is misleading. While the dollar figures themselves are higher, inflation in the health area is higher yet. According to IHS' own estimates, due to a 1981 health care inflation rate of 12%, its ability to provide or purchase clinical services has been reduced by $58 million from FY 1981-FY 1982. This estimate does not take into account changes in the Medicare/Medicaid collections rate which, given Congressionally imposed limitations, will further decrease available funds.

Indian communities, since January, 1981 have felt the effects of cuts in the form of discontinued surgical services and extreme restrictions on contract care. In Portland, Aberdeen, Phoenix and other areas Contract Care monies can only be spent for Priority One services. This means that medical assistance is limited only to procedures necessary to save life or limb. These situations can be prevented. For example, the Aberdeen area has four hospital facilities presently equipped to provide surgery. While many of these facilities are in extreme need of renovation, the only thing preventing them from instituting surgical procedures is a lack of surgical staff. Coupled with this the federal freeze on hiring is leaving practitioner and support positions unfilled despite the fact that the IHS recruitment program has a number of people available and ready to go to work. IHS will lose these candidates if they are not placed in the very near future.

Continued cuts in these programs, due to inflation and the hiring freezes on health providers, have already resulted in severely hindering IHS' ability to maintain accreditation standards. If IHS facilities lose their accreditation, they will be unable to collect Medicare/Medicaid funds.

In compliance with Congressional reporting requirements for Title VII of the Indian Health Care Improvement Act, tribes and Indian organizations participated in a massive health planning project to identify the unmet health care needs of Indian people. Unfortunately, these tribal documents, the Tribal Specific Health Plans, have been virtually ignored in the appropriation and allocation of IHS resources.

We therefore respectfully request this Committee to encourage the increase of the IHS Hospital and Clinics budget to adequately address the health care needs identified in the Tribal Specific Health Plans.

CONTRACT HEALTH CARE

As I am sure you are aware, the contract health care programs of most IHS area offices ran extremely short of funds in FY 1981. It is our understanding that all IHS service units were placed on priority one services as early as February 1, 1981. This has resulted in deferred surgery and the provision of only those medical procedures necessary to preserve life and limb. It is extremely upsetting to us that in 1982 many Indian people must still be placed on long waiting lists for gall bladder, hernia and other such critically painful maladies. The Aberdeen area alone has 730 such cases at present. Deferred surgery leads to increased medical complications and in many instances, longer, expensive hospital stays which could be avoided.

The Contract Health Budget has also been impacted by changes in other health care programs. As you may recall, from our testimony last year, the proposed closing of PHS hospitals in Seattle and San Francisco would have a definite impact on the contract care budget. This has happened. Recent statistics from the Portland Area Office point out that the cost of providing in-hospital care in the Northwest area has more than doubled since the closure of the Seattle PHS hospital. Portland Area Office has indicated that they anticipate a shortage of over $2 million in contract care for FY 1982. In the Phoenix Area, Oweyee and Shurz hospitals will have used up all contract care monies by July 1, 1982. Cuts in tribal ambulance programs, due to the loss of CETA personnel, have also impacted this budget. Because tribal ambulance corps have been forced to limit their staff hours of operation, high cost private ambulance services have had to be used to a larger degree with Contract Care footing the bill.

IHS has proposed to solve these problems by opening bids for contract care to all health facilities within a 90 mile radius of IHS service units. At this int in time, Indian tribes have not been informed of the criteria to be used to evaluate proposals. Given the poor roads and isolation of many tribes a 90 mile radius could prove prohibitive. Such a proposal requires further in-depth scrutiny and direct tribal involvement. We ask you to examine these facts and request an increase in the contract care budget to cover necessary costs and inflation. This can best be accomplished by asking for a written report from each of the IHS service units comparing the number and level of services from 1978 to present.

ALCOHOLISM

Indian alcoholism projects have clearly been one of the lowest funded of al health projects. Despite the statistics which clearly document our need, Indian alcoholism projects continue to have their services eaten away by inflation. We are extremely pleased that the Administration has agreed to transfer the NIAAA Indian projects into IHS. We are now hopeful that the appropriations committee will provide adequate funds to return all Indian alcoholism projects to the highest level of operation.

MAINTENANCE AND REPAIR

Our tribes and organizations continue to be concerned with the backlog in IHS maintenance and repair. Needed repairs in many facilities are directly affecting their ability to obtain or maintain accreditation. Given the fact that the committee and others have begun to view third party reimbursements as a source of operations and expansion for Indian facilities, we must raise the question, is this slow process of repairs really cost effective? We encourage this committee to review IHS' (BEMAR) Backlog of Essential Maintenance and Repairs as soon as possible in light of its impact on patient services and accreditation and make adjustments to increase this program to a cost effective level.

MEDICARE AND MEDICAID

Directly related to these comments is the issue of Medicare and Medicaid funds. While we understand appropriations committees were faced with severe constraints last year, we must object to the use of Medicare and Medicaid funds to replace actual operating appropriations. Such action results in a budget cut for Indian health programs. Our Indian programs which have done wonders with little money, are in dire need of expansion and improvement. Medicare/Medicaid payments are often our only sources for such activities. Both the amendments to the Medicare/Medicaid Law and the Indian Health Care Improvement t state that receipts from these reimbursements shall be placed in a special fund by the Secretary and used exclusively for the purpose of making improvements and repairs necessary to bring facilities into compliance with Medicare and Medicaid standards. The legislation further requires that this program shall terminate only after all facilities are determined to be in compliance. The IHS' BEMAR studies clearly indicate that this is far from the case. We therefore encourage this committee to support the Congressional intent of P.L. 94-437 and discontinue use of these funds in offsetting appropriations.

PREVENTATIVE HEALTH

The extremely high costs of patient care in the clinical services budget line prove that preventative health requires increased emphasis. We stand adamantly opposed to this Administration's proposal to eliminate the Community Health Representative program. We disagree with the Administration's statement that the elimination of the CHR program represents "a decrease in non-patient care activities".

Allow me to explain. CHR's represent the only IHS-funded program almost exclusively under contract with Indian tribes. The flexibility of this program has allowed tribes, for the first time, to determine types of services needed at the local level which bridge the gap between the traditional delivery mechanisms. CHR's on many reservations, are the only direct health care providers and assurers of health care continuity.

Since its creation in 1968, the CHR program emphasis has shifted to meet the need for skilled professionals and paraprofessionals. At present, CHR specialists serve in such vital health areas as audiology, diabetes-mellitus and Maternal and Child Health. They also are critical staff for tribal ambulance teams, medical laboratories and pharmaceutical services in or with IHS hospitals and clinics. The shortage of funds in the clinic/hospital budgets and the federally mandated IHS hiring freeze, make the removal of these 2,200 people devastating to IHS's already strained ability to provide direct health care to Indian people. The continued need for the CHR program is substantiated by a Montana CHR study which documented a decrease in patient in-hospital days as a result of the program. By CHR provided medication delivery, blood pressure checks and regular physical check-ups with follow-up, there is a proven decrease in serious health problems, particularly for newborns, the elderly, and Indians with congenital and chronic conditions.

We urge you to examine the impact which the elimination of CHR's would have on other IHS funded programs. The greatest impact would be felt by reservation Emergency Medical Services. Of the 470 EMS staff surveyed in 1981, 50 were CETA (many of them CETA-PSE which have already been eliminated), and 204 were CHR's. Elimination of the CHR program would mean a loss of nearly 50 percent of all ambulance and first responder staff now working on reservations. This would require the use of private ambulances at a substantially higher cost which will in turn come out of the contract health care budget.

We urge that the CHR program be returned to the FY 1981 level plus inflation. This would provide for continuation of direct health care services and essential preventative health activities critical to the health and well-being of Indian people. In addition, we strongly urge that Congress direct IHS to move the program from its budget position as a preventative health line item to, more appropriately, tribal health deliver/clinical services for FY 1983 and succeeding years.

EMS

The Emergency Medical Services program is a critical and clearly underunded element of the IHS program.

Until recent years Emergency Services were practically non-existent in American Indian and Alaska Native communities. Start-up, non-recurring funding from the Emergency Medical Services System Act and other federal, state and foundation dollars have purchased ambulances, equipment, training, manpower and provided other operating expenses.

Now that they are in place at a minimum funding level, these fledgling ambulance services are in jeopardy due to Federal reductions in the Comprehensive Employment and Training Act (CETA), CHR Program, the EMSS Act and the National Traffic Highway Act. Ambulance services to certain isolated communities have been forced to close and the loss of staff support from the CETA and CHR programs has forced other locations to operate with volunteers only.

There has been no funding increase to accomodate this rapidly emerging program except for, $1 million appropriation to upgrade EMS activities in FY 1980 and a Congressional add-on in FY 1977 of $1.35 million for EMS activities in Alaska (increased to $1.48 million in FY 1978 and $1.71 million in FY 1979).

The unmet need at this time for an effective EMS program remains at $10 million. Tribal governments and the communities they represent have passed numerous resolutions at local, regional and national levels requesting that the IHS pursue an expanded appropriation and/or redirect resources to accomodate this high priority need. We appeal to you to favorably consider an appropriation and/or identification of necessary funding for the tribal Emergency Medical Services program.

INDIAN HEALTH MANPOWER

The proposed cut in the Indian Health Manpower program is equally upsetting to Indian people. As of the FY 79-80, 94 students had graduated from health professions programs as a result of IHS support via P.L. 94-437. We are pleased to have these Indian people now working with Indian Health programs or continuing their education. Yet even with the addition of them and the Indian health professions students now enrolled, there remains a severe health manpower problem for the IHS. Significant progress has been made in placing Indians in key positions within IHS and we stand proud of these achievements. The elimination of new scholarship assistance to Indian people will bring to a halt our ability to address this problem. Indians have practically no outside health scholarship assistance programs available to them. They rely on the IHS manpower program and other effective elements such as the INMED program in North Dakota and the Berkely MPH program to obtain education in the health field. Recent statistics show that there has been a 634% increase in the number of Indian people desiring post secondary assistance. We feel that this increase is in large part due to the efforts which this committee made to assist Indian people in acquiring an undergraduate education. Indian people are finally beginning to have adequate educational backgrounds to allow them the choice of going on to post graduate education in the health area. We therefore ask this committee to again say no to the Administration's proposal to eliminate funding for new scholarship assistance by recommending at least the FY 1981 funding level ($6 million).

URBAN HEALTH

Our national organizations wish to go on record as supporting all urban health groups in their efforts to obtain continued support for the urban health program. IHS has reported that this program has fulfilled its purpose by providing a demonstration of the value of providing health and referral services for urban Indians in many circumstances. We totally agree with this statement. We disagree however, with the second portion of the statement that, "These services may now be funded, as needed, through the Department's health block grants, or other services". Statements of this nature have all too often been used as an excuse for the Administration to pull away from assisting a program. The funds are simply not there. The idea of forcing Indian people to again turn to state governments for assistance is directly contrary to the very Congressional findings which created the urban title of P.L. 94-437. We ask this Committee to examine the amount of money Indian projects are presently receiving under Federal block grants to more fully understand and this dilemma. In the American Indian Health Care Association will provide you with further information in their testimony and again we stand in strong support of their comments and needs as defined in the Congressionally mandated Urban Specific Health Plans.

CONSTRUCTION

We understand that the delay in releasing FY 1982 dollars has placed IHS well behind schedule, increasing the backlog of clearly justified construction and renovation needs. With construction costs escalating each year and health care needs of Indian people increasing, we can only ask that the Congress not place Indian tribes in a position of waiting still another year to begin new facilities.

We would also like to speak in support of those projects which have been awarded planning and design monies in FY 1982. Several of these will have their plans and designs completed prior to the end of FY 1982 or in the beginning of FY 1983. We encourage this committee to support these plans at the earliest possible date as part of the FY 1983 budget or an FY 1983 supplemental. All too often plans are completed and cost estimates calculated which become obsolete by the time construction funds are finally made available. We are pleased that the appropriations committees have seen fit to follow planning and designs with phase one construction monies the next year. We respectfully request that you will continue this effort and propose adequate planning and design funds for the next three facilities to the IHS budget and provide phase one construction funds to the FY 1982 projects at the earliest possible date.

I WATER AND SEWER BUDGETS

We would also like to thank this committee for its past support of the IHS water and sewer budget. Your past actions show that you fully understand the need for funding such projects. We ask for your continued pressure on the Administration to present a request for adequate dollars to cover the clearly insufficient water and sewer needs. We would like to inform this committee that Indian organizations and tribes will be pushing hard to encourage the Congress to appropriate funds for Indian housing projects in HUD or another agency. We ask that this committee work closely with the HUD appropriations committee or any other appropriate groups to assure that the funds recommended are adequate to cover the water and sewer construction needs.

Let me close by making one very important point: the IHS budget cannot and should not be looked at in isolation. Assuring quality health services to Indian people involves a number of programs. Cuts in nutrition services, housing funds, home energy assistance and especially CETA have all created and will continue to create new problems and pressures for Indian health directors. We have been attempting to compile statistics which show just how seriously the elimination of CETA-PSE has affected the IHS budget and its services. This has been difficult given the uncertain status of the FY 1982 funding levels. We can tell you however that almost all programs have had to dip into their limited budgets to fund clerical, outreach and ambulance positions which have traditionally been held by CETA employees.

We would also like to take issue with comments that Indian tribes do not assist in providing support for their own programs. The Administration seems to be pushing tribes in two different directions: service delivery and economic development. Given the fact that tribes do not have a tax base, tribal funds are very limited. Tribal governments are forced to decide whether to take whatever tribal funds are available and invest them in long range economic development or in providing services to protect the physical and emotional well being of their people. When considering health programs the decision has been obvious, services must come first. If this Administration tryly wants to see Indian tribes gain in economic self-sufficiency, they must continue services at a level which provides them with real and viable ptions for the use of their limited funds.

Let me, in closing, state that we are all a team which is trying to fight the common enemies of human need and economic distress. NIHB stands ready and willing to assist IHS and this committee in any way possible to solve these common problems.

On behalf of our organizations and tribes, I would like to thank you for this opportunity to present our testimony here today.

Senator STEVENS. The National Congress of American Indians.

STATEMENT OF RON ANDRADE, EXECUTIVE SECRETARY NATIONAL CONGRESS OF AMERICAN INDIANS

ACCOMPANIED BY BILL LEEP

Mr. ANDRADE. Bill Leep is with me this morning.

We are the oldest and largest Indian organization in the United States.

With respect of the time constraints you have, I want to focus on a couple of issues; otherwise, we will run out of time.

The primary thing, Mr. Chairman, that we want to address is in the area of education. This committee and the tribes are being informed that there will be a proposed transfer of the title IV, the Indian Education Act, to the Department of the Interior.

We want to go on record and have it clear that we oppose the transfer, Mr. Chairman. There are many reasons; primarily, there had been no planned transfer of these programs. There are no proposed administrative plans, there are no proposed plans whatsoever that we know of, and at the same time the administration is recommending the transfer of title IV to the Department of the Interior, they are having schools turned over, such as in Alaska, to the State.

Title IV programs have primarily supported the State school systems. They're talking about taking title IV away from them and moving it over to the Bureau of Indian Affairs.

Additionally, title IV has provided for services to urban Indians, and to the State-recognized and terminated Indians.

For all of those reasons—and there are many more—we oppose this transfer. As this was proposed during the Carter administration, and the tribes violently opposed it.

Senator STEVENS. It was the other way, then. We stopped the transfer from BIA to the Department of Education.

Mr. ANDRADE. There have been lots of transfers back and forth, taking BIA's authority away and transferring it over to HEW in the old days, and there was an attempt to transfer title IV back over to the Bureau.

There have been a lot of those, and at the same time we still feel that title IV has such a broad mandate that we do not feel that they would be to the benefit of the Indians across the United States to have them merged.

The other one is the Bureau-proposed budget for the Indian Child Welfare Act. They are recommending to eliminate urban Indians from services for Indian child welfare.

As with title IV, we do not feel that the BIA should be allowed to amend the legislative history, or amend the legislative intent of those acts by a budget act.

The reductions in Indian child welfare acts specifically contravene section 2 of the act, which says that those groups serving Indians—and it does not specify only tribal groups—are eligible to receive services.

We also feel that it contravenes the Morton decision, which provided that services shall be allowed to the off-reservation groups. It contravenes the *Seminole* v. *United States* decision, and contravenes the recent *Vigil* case in the tenth circuit court regarding services.

The Bureau's reasoning so far has been that there is just a budget reduction, and something has to go. That contravenes the act. We feel that amends the act without legislative intent. We do not feel that is proper.

The other one is the planned consolidation of the Bureau of Indian Affairs offices. We have met with the Bureau of Indian Affairs to discuss that. The position of NCAI at this point is that we are waiting for the consultation process itself to take place.

Assistant Secretary Smith has promised that that consultation will be finished as of this Friday. He has also promised that no later than the end of March the tribes will receive a determination as to their management plan and their plans for the consolidation.

We said we would withhold any comment regarding the consolidation until the tribes have had a chance to discuss it. We have gone on record, though, in the past supporting the American Indian Policy Review Commission's report that had called for the total elimination of the area offices.

We do not feel that we have backed off from that as yet. We would like to see administrative changes; we think changes should take place in the Bureau's administration and not in the services to the field. But at this point, until we see a stronger management plan from the Bureau, how it will be administered and the reasoning for choosing other sites, we would withhold any further comment than what we have already made.

We support the economic development initiative as proposed by the Bureau of Indian Affairs, but we question the amount of funds made available for this within the Bureau's plan. It specifies that the tribes must assume 75 percent of the cost of those programs. If the tribes had the 75 percent of the cost to assumed economic development programs, we may not need an initiative by the Bureau of Indian Affairs.

It is unreasonable to believe that the tribes can provide the 75 percent of those economic development costs.

Senator STEVENS. I have a great respect for your organization, but I do not think you ought to approach that point that way. If you had 25 percent Federal money, and 25 percent—or even 15 percent of your own money, there is money in the private sector for economic development.

Really, the edge is that whether or not you have Federal backing to start with, and this 25 percent is Federal backing. If you give me 25 percent, I can show you how you put together funding for almost any tribe from the private sector.

I do not think that you ought to turn those things down. I think your organization has an opportunity to really step in at a very bad time and assist the Indian community to come through that time by trying to be positive, rather than negative. If we do not do some of the things the administration recommends, next year we will have to do a lot worse. The problem is, these are bad years for everybody, and we're going to have to work on a basis of trying to do as much as we can with whatever we have available, rather than have arguments over where it should go.

I really think maybe we are at fault by not having more consultation with your groups, but I do not think that there is a recognition of the fact that this budget has been cut less than other budgets so far, and a program does not succeed, then we have to cut further, and the Indian programs next year are really going to get it. We have got to get together this year and make certain that they work.

I think one of the things your National Congress of American Indians could do is to help us address the blood quantum problem. We see more and more of the assistance we have available going out to further and further attenuations of what really is the Indian community.

If you spread less further, obviously it is going to help each of those previous beneficiaries a great deal less. I really think we have to address the blood quantum problem; I do not see anyone who has done it in the last 15 years, since I was in the Interior Department. Then it was one-quarter, and then it moved to one-eighth, and now it is down to one-thirty-second in some of these areas one-sixty-fourth.

Now, that is what is happening to Indian funds. We can not continue to get the support for Indian funds if we are dealing with people who have one-sixty-fourth blood quantum. I think your organizations ought to help; I really do. Those of us who worked with you in the past are under heavy pressure even to maintain this request. I urge you to take a look at it and see what you can do to be positive, to help us solve these problems, and the blood quantum issue to me is one of the things you can help us on.

It takes some leadership in your community to do that, but somebody has got to do it, and I think NCAI could do it.

Mr. ANDRADE. Within the President's initiative for the urban enterprise zones, there just are no plans for the tribes to be in there with only 20 programs planned for the United States. Twenty communities will be competing with every tribe in the United States.

We have requested the administration to support the tribal status and to make sure that Indians—the tribes would be specifically eligible within the Urban Enterprise Zones Act.

We feel that, combined with the management initiative by the Bureau for economic development, could then provide a good basis of support, because urban enterprise zones provides for a private sector investment, but without that we fear we would not be able to get the private sector investment, given the state of the economy at this point.

We were going to specifically request that—that was one of our plans.

Senator STEVENS. We will ask the committee staff to look into that and work with you.

It looks to me like we are all going in separate directions, and when we do that we are pulling at less money and splitting the wrong way before we are through.

I really urge that we look at these things from a positive basis.

Thank you, very much. Your prepared statement will be inserted in the record.

[The information follows:]

STATEMENT OF RON ANDRADE

Mr. Chairman, Members of the Committee, Ladies and Gentlemen: My name is Ron Andrade. I am Executive Director of the National Congress of American Indians, the oldest and largest advocacy group for Indian rights in the nation. I am here today to present NCAI's concerns about the Department of Interior's Indian budgets for FY 83.

NCAI is aware that the budget proposals call for only a 7% cut in BIA programs in FY 83. Nonetheless, we must oppose even that reduction in the Bureau's funding. For, given the extensive funding reductions proposed for the Departments of Education, Labor and Health and Human Services, the "lead agency" function of the Bureau of Indian Affairs has never been so important to the Tribes! HUD, for example, has not requested any funding for its Indian Housing program in FY 83 and the Administration has proposed a 100% recision of the Indian housing monies appropriated for FY 82. This makes BIA's Housing Improvement Program the only source for housing construction monies currently accessable to Tribal governments. HUD had been operating in terms of a 4,000-unit goal for each of the past several years: HIP, in contrast, planned in terms of 900 units in FY 82 and 690 units estimated for FY 83. The demands made on BIA's HIP program under the circumstances will far exceed the support the program can actually provide in FY 83.

Similar overload can be expected in the demands made on BIA's employment assistance and adult vocational training programs, given the decreased appropriation recommended for the Vocational Education Act for FY 83 and the decision to transfer part of those funds to the Department of Labor's CETA program. Increased demands can also be expected on the BIA's support for Indian higher education, given the reduction in Pell Grant funds; the tighter requirements under Title III, Developing Institutions Act; and the proposed elimination of Supplemental Opportunity, NDSL, and Social Security Education benefits programs. The proposed closing of the Southwestern Indian Polytechnic Institute (SIPI) raises some particularly acute problems here. NCAI does not accept the Administration's assumption that Haskell and the Tribally-controlled Community Colleges will be able to absorb SIPI students or to provide them with equivalent training in telecommunications, civil engineering, or electronics. SIPI must be allowed to make its contribution to Indian post-secondary education. It is clear that the 18 Tribally-controlled Community Colleges have already assumed more than their fair share of responsibilities for Indian adult, vocational and liberal arts education. It is critical that PL 95-471 be reauthorized so that an adequate funding base for the support of these Colleges can be secured in the coming years.

Mr. Chairman, NCAI argues that the whole of the BIA's budget proposals for FY 83 needs to be examined in terms of the "lead agency" perspective. We urge that as you consider specific facets of the proposed budget, you ask yourself: Will programs funded at this level be able to guarantee the level of support and services which treaties and trust agreements require from the Bureau of Indian Affairs. We want to call your attention to six specific areas where, as we see it, the FY 83 budget request will not be sufficient to meet those levels of responsibility.

1) Indian Child Welfare Act: P.L. 95-608 grants funds to Indian tribes and Indian child and family services programs. Proposed reduction in expenditures from an estimated $9,600,000 in FY 1982 to $7,7000,000 in FY 1983 are based upon a decision to discontinue provisions of ICWA grants of off-reservation programs not normally within traditional BIA service areas.

NCAI holds that a determination of this nature would contravene Section 202 of the Act which authorizes the Secretary "to make grants to Indian organizations to establish and operate off-reservation Indian child and family service programs...". Indian organizations are defined in the Act to mean "... any group, association, partnership, corporation, or other legal entity owned or controlled by Indians, or a majority of whose members are Indians."

By including this language in the Act, Congress clearly recognized that large numbers of Indian children presently reside in urban areas as a result of past Federal relocation policies and related facts. Currently, some 42 Indian organizations are servicing Indian children in urban areas.

The history of the ICWA services has shown that sufficient monies have not been made available to meet the purposes of the Act. A potential cut in this area would seriously hamper the elaborate on-going efforts of preserving "essential tribal relations of Indian people and the culture and social standards prevailing in Indian communities and families." NCAI calls for a restoration of the $1.9 million deleted from ICWA's FY 83 budget proposal and a reiteration of the BIA's commitment to provide ICWA services to Indian children in off-reservation, urban environments.

2) The transfer of the Department of Education's Office of Indian Education and its Title IV program to the Department of Interior: NCAI joins other national Indian organizations in raising strong concerns over the proposal to transfer Title IV out of the Department of Education and into the Department of the Interior.

NCAI has long been aware that certain interests wanted to see Title IV moved under BIA control. Such a move would weaken the integrity of the services afforded under Title IV's programs. Title IV serves an Indian population defined in terms totally different from those used to determine eligibility for BIA services. BIA's plans to consolidate and block grant education programs under its CTGP effort would lead to the eradication of a unique Title IV contribution to Indian education, even for the federally recognized Tribes. Transfer will eliminate a viable Indian presence from the Department of Education and from its proposed successor, the Foundation for Education Assistance. Elimination of the Indian presence will not, however, diminish the Department's responsibilities for providing education services to the Tribes. The Office of Indian Education was originally created to assist the Office of Education meet this obligation. OIE should be allowed to continue to function in that capacity, the final determination given to the Department.

NCAI might feel less apprehensive about the transfer if the Administration has evidenced its plan for administering Title IV within the context of the Bureau of Indian Affairs. To date, BIA and DOI have been silent on this question, acting as if they see no difficulties or problems resulting from this transfer.

NCAI does see difficulties and problems here. The integrity of Title IV must be assured. The rights of the state and non-recognized Tribes to receive Title IV services cannot be compromised. The presence of an Indian voice in the Foundation must be guaranteed. NCAI cannot endorse any transfer proposal until the Administration has made its position on these issues fully clear to the Tribes and given them a chance to review and respond to those proposals.

3) School Construction: We note that Impact Aid school construction funds are to be transferred into the BIA budget. NCAI has several concerns about this proposal: first, the Administration has not developed any plan or set of procedures to guide the distribution of those funds to school districts. Placing less funds within the BIA's education budget implies that these funds could be included in the Consolidated Tribal Grants Program, which in some instances, would prevent any new school construction star-ups from taking place. Even more seriously, only funds to cover the costs of administering ongoing Indian 815 projects have been requested by the Administration for next year. Support for new school construction projects is to be found only within the BIA's construction line item, and even that support has been restricted to a single new project in FY 83. In the whole area of school construction, the BIA's FY 83 budget proposal is far from adequate.

4) Small Tribes Management Initiative: The Interior is to be commended for its perception in realizing the need for small tribes to enhance their own mangement operations. The establishment of tribal core management capability is essential for Tribes to effectively implement successful economic development activities and to provide basic governing operations associated with viable ongoing units of government.

However, the BIA justifications specify a $5,000,000 level for these activities. Eligibility criteria directs $3,800,000 to 80 qualifying Tribes possessing populations between 400 and 1,500 members and $1,200,000 to 18 Tribal consortia with populations of less than 400. As documented, there exists some 200 Tribes which would qualify as eligible for monies under the Small Tribes Initiative concept. This factor alone should indicate the need for increased monetary resources in this area. When distribution factors are considered, we find that 80 individual Tribes will receive $47,500 apiece and 18 Tribal consortia will receive $80,000 apiece.

The majority of these Tribes do not possess Tribal resources with which to supplement these monies, and we believe an increased appropriation in this area is necessary to insure that participating Tribes realize the support necessary for minimum-level management operations.

Factors which may assist in identifying the level of need are:

(a) assessment of community needs;
(b) development of plans to meet community needs and/or improve existing programs and services being conducted by the Tribes;
(c) conducting of a reservation resource inventory including a Tribal manpower assessment;
(d) Tribal establishment of priorities;
(e) assessment of tribal personnel requirements;
(f) assessment of logistics and equipment needs;
(g) phase-out of the Comprehensive Employment and Training Act Public Service Employment slots;
(h) cuts and/or phase-out of the Economic Development Administration and HUD 701 planning grants;
(i) non-duplication provisions in most program legislation regulations; and
(j) reduction and cuts in other Indian programs.

5) Economic Development Initiatives: The inclusion of a $10,000,000 Business Enterprise development option into BIA/DOI proposed activity plans will, no doubt, result in substantive economic growth in selected areas. However, specified requirements calling for 75% of approved projects costs be paid for from non-federal capital will prove restrictive to many Tribal efforts due to the lack of Tribal resource, non-availability of private sector capital, continued high interest notes and tight monetary policies.

Even so, the Tribes capable of generating the necessary investment interest in specified economic activities will far exceed the available seed monies under this plan. We recommend that increased monetary resources be directed to this area and that the amount of in-kind investment be lowered to further stimulate tribal and private investment.

6) General Overhead Cost Reduction: BIA/DOI proposed plans to reduce overhead costs as a means of achieving saving without affecting direct service to Tribes at the Tribal/agency level is a positive indication of necessary Bureau policy. However, in-place plans for elimination of specified area offices must not be unilaterally conducted without necessary Tribal consultation. BIA/DOI has indicated that meetings will be immediately convened to assess Tribal needs and to accept Tribal input. Hopefully, Tribal consultation will provide the necessary direction vis-a-vis considered alternatives of affirmative response to this plan.

In conclusion, Mr. Chairman, NCAI and its member Tribes recognize the severe problems faced by the nation because of soaring interest rates, increasing unemployment, and the continuing threat of inflationary/recessionary cycles. We recognize that the Federal Government has a responsibility to do all it can to curtail the irresponsible growth of federal services and the intrusion of heavy-handed federal control into local-level programs and services-delivery. It is imperative that the Federal Government recognize that Tribes stand in a special relationship to the Federal sector; the lack of complete taxing authority and the limitations imposed on their abilities to develop their natural and human resources potential place Tribes in a position where they can least afford to experience cuts in fundamental areas of social and economic services. The Administration must realize that currently, almost every facet of Tribal government infrastructure is dependent on Federal-level support. The Administration has stated on numerous occasions its willingness to see Tribes assume full responsibility for the programs and services which enrich their member's lives. NCAI sees FY 83 as playing a critical role in the development of Tribal capabilities in this area. We therefore urge the Committee to evaluate all facets of the FY 83 Indian budget in terms of that long-range goal.

LETTER FROM RON ANDRADE

February 26, 1982

Senate Interior Appropriations
Subcommittee
1208 Dirksen Senate Office Building
Washington, DC 20510

Attention: Senator Ted Stevens

I am writing in behalf of the National Congress of American Indians and the 170 Tribes which are members of this organization. This letter provides some clarification in areas you suggested during NCAI's February 25 testimony before the Senate Interior Appropriations Subcommittee.

1. I feel it is necessary first to clarify NCAI's position regarding eligibility for services provided to American Indians. To the best of NCAI's knowledge, BIA has not changed its position and is not serving federally recognized Indians of less than ¼ blood. NCAI has never requested a change in the ¼ blood administrative procedures established and maintained by BIA. NCAI recognizes that the controlling factor in the provision of services to Indians is, and must remain, the U.S. Supreme Court's decision in Martinez vs. Santa Clara. This decision upheld each Tribe's sovereign authority to establish their Tribal membership and to determine who is eligible to receive Tribal services. The Martinez decision affirms the solemn right of each Tribe to utilize whatever standard it chooses when determining the membership and eligibility criteria. Were NCAI to support a change in existing BIA procedures, we would undoubtedly call for a fuller affirmation of Martinez principles, not for an adjustment in the quantum.

Because of NCAI's unalterable support for the Martinez decision, we continue to endorse the use of the OE 506 forms for all children seeking services from Title IV part A programs. The 506 form requires that specific documentation be presented, showing that each child participating in the program is a member of, is eligible for membership in, or is specifically related to members of an Indian Tribe. The 506 form utilizes a Tribally-centered definition of Indian eligibility for services, not a racial definition. This practice is totally consistent with the principles defined and clarified in Martinez.

You asked NCAI to take the lead in resolving the blood quantum question. NCAI holds that Martinez has already resolved any questions the Administration might want to raise about the blood quantum question. Hence NCAI holds that blood quantum cannot be used as a justification for any attempt to reduce federal spending for Indian education.

2. You asked NCAI to take a more positive approach to the FY 83 budget proposal. NCAI and the member Tribes are certainly aware of the severe economic crisis confronting all citizens in this country. We assure you that Indian people are not excluded from the effects of inflation and unemployment. Tribes share the administration's belief that reduced federal spending will lead to a stronger and more productive economy. Tribes was to see the development of stronger on-reservation economies and hope that opportunities for economic recovery will extend to Indian peoples living outside of reservation contexts as well.

Hence NCAI's support for the Urban Enterprise Zones concept and our hope that reservations will also be made eligible to function in an enterprise zone-like capacity under the terms of that program.

Hence our support of block-granting federal funds directly to Tribes, not only in the areas of Health and Human services but in Education, Housing and other areas where states and localities are being given opportunities to assume more responsibility in service delivery.

NCAI's support of the Urban Enterprise Zones and of block-granting constitutes a positive approach to the FY 83 budget proposal. We presented these endorsements in our written testimony as positive statements. We stand ready to work with you and other members of the Congress to bring about new possibilities for national -- including Tribal -- economic recovery.

At the same time, NCAI finds it difficult to maintain a totally positive attitude toward the FY 83 budget proposals,when those proposals contain so many provisions which callously disregard principles of Tribal sovereignty, Tribal self-determination, and Tribal consultation which have been so basic to the Indian policies of Republican administrations in previous years.

The proposed transfer of Title IV and the Office of Indian Education into the BIA is one such example.

NO Tribal government or Indian organization, to our knoweldge, has endorsed this proposal. Tribes -- federally recognized, state-recognized, terminated, and non-recognized -- have made it explicitly clear that Title IV must be kept administratively and financially separate from BIA services in education! This position formed the core of Tribal objections to the transfer of BIA's Office of Indian Education to the Department of Education in 1978. This position formed the core of the plans to eliminated Title IV proposed to the Subcommittee last summer. And this position remains at the core of the objections Tribes are now raising to the Title IV transfer proposal.

We enclose a copy of Alaska Federation of Natives' Resolution 81 - 59. Please note that AFN calls for the reauthorization of Title IV, not for any change in Title IV as currently implemented. AFN membership will be affected by the transfer proposal: It is important to note that, given the opportunity to do so, AFN chose NOT to endorse that proposal!

NCAI is not surprised by the AFN position. We have detailed a series of specific objections to the transfer in our written testimony. We do not see how the transfer will advance Tribal economic development; in fact the threat it poses to programs and services at the Tribal level promises to weaken the quality of education already made available to Indian students. It is difficult to be positive about a proposal which threatens to undo the progress in education which many Tribes have made, painfully, over the past few years. It is more difficult to be positive, when we recognize that non-Indian interests are being listened to here, not Tribal preferences.

Other facets of the FY 83 budget proposal could be discussed here but our point has already been made: NCAI has made it clear that we want to work closely with the Congress in making the best use of limited federal funding. We are confidant that you are serious about soliciting and heeding Tribal priorities in this matter. We look forward to a time in the immediate future, when NCAI can sit down with you and the Committee staff, to begin discussing the pros and cons of the many FY 83 budget proposals. We are eager to begin working toward federal funding strategies which will truly advance Tribal economic, social, and political self-determination.

Sincerely,

Ronald P. Andrade

Ronald P. Andrade,
Executive Director

PS: Given that the issues discussed in this letter were raised in response to NCAI's testimony before the Subcommittee on February 25, we respectfully request that this letter be included in the written record of those Hearings.

ALASKA FEDERATION OF NATIVES, INC.

1981 ANNUAL CONVENTION

RESOLUTION NO. 81 - 59

TITLE: REAUTHORIZATION OF INDIAN EDUCATION ACT, TITLE IV

WHEREAS, the government of the United States of America has a well defined trust relationship and feduciary responsibility for the education and social well being of all federally recognized tribes, communities, and bands of Alaska Natives and American Indians; and,

WHEREAS, this feduciary responsibility will not be met if Title IV PL 92-318 of the Indian Education Act is allowed to expire as scheduled on September 30, 1983; and,

WHEREAS, this program is unique in meeting the special cultural and educational needs of Alaska Native and American Indian students,

NOW THEREFORE BE IT RESOLVED, that the Alaska Federation of Natives and the Alaska Native Education Association join the National Congress of American Indians, the National Indian Education Association and many other organizations in strongly urging that our Alaskan delegates and other members of Congress rectify this situation by reauthorizing Title IV of PL 92-318 9f the Indian Education Act.

CERTIFICATION OF RESOLUTION

I hereby certify that the foregoing is a full, true, and correct copy of the resolution adopted by the delegates to the 1981 Annual Convention of the Alaska Federation of Natives, Inc., December 16, 17, and 18, 1981, Anchorage, Alaska, at which a quorum was present and voting and that said resolution was spread upon the record of said convention and is now in full force and effect.

WITNESS my hand and seal this 21st day of December, 1981.

SIGNED:

Janie Leask

Janie Leask
Executive Vice President
ALASKA FEDERATION OF NATIVES, INC.

STATEMENT OF TONY SECATERO, ALBUQUERQUE AREA INDIAN HEALTH BOARD, AMERICAN INDIAN HEALTH CARE ASSOCIATION

Mr. SECATERO. I appreciate being able to present testimony on the Albuquerque area. I appreciate the opportunity to have a record here for the testimony.

Our main concern is the budget's being cut, and also some of the services' being cut. In the Indian country, we are severely concerned about the impact that we face in 1983 as well as 1981 and 1982.

The severe cuts in budget have hindered a lot of services, in emergency services, community health representative services, and clinical services.

We are asking this committee to seek ways in meeting with Appropriations Committees to restore the funding so that Public Laws 94–437 and 93–638 would be met in accordance to congressional acts.

Indian tribes took opportunity to seek funding through Public Law 94–437, 4 years to plan and 4 years to meet the unmet needs. This is a congressional act.

Public Law 93–638 is self-determination. We are facing now, instead of being able to determine our needs, facing termination because of the budget cuts by the administration.

We are requesting this committee to support and restore funding for the Indian people.

Thank you.

PREPARED STATEMENT

Senator STEVENS. Your prepared statement will be inserted in the record at this point.

[The statement follows:]

STATEMENT OF TONY SECATERO

This is a nation of immigrants, but the dominant immigrant group— the so-called Anglo Saxons have effectively preempted the crucial levers of economic and political power in government, commerce and the professions. This elite group has tenaciously resisted the upward mobility of other immigrants. They have used legal force surrounded by an aura of legitamacy which has included branding the later immigrants as culturally undesirable. But for us, the Native peoples, the restrictions have been in the form of confinement or imprisonment on barren reservations where our ability to survive both socially and economically is very slim.

The educational system teaches our children that one race is the most, the best, the greatest, that Indians were a mere part of the landscape and wilderness that needed to be cleared out to make space for the white population to settle in. We are shocked when we read of "pioneers" which for us were adventurers; settlers which for us were land grabbers; "Frontiersmen" who we called squatters. How can our young children fit in this world? How can they believe in a culture and heritage that has been denied and destroyed or be educated in a system that considers them savages?

When we hear about employment, it is said that Indians could make the effort to find jobs. Unfortunately discrimination is no less prevalent in employment than it is in education. Actually discrimination in employment is the direct result of discrimination in education and in ethnicity.

The entire philosophical position of the white populations is so materialistic that they look at life as measured exclusively by a progressive standard of living based on competition and the so called survival of the fittest which is a way of legitimizing economic exploitation. The primacy of economics over everything from environment to people has become a guiding principle in the law and morality of this nation. This is not the conscious effort of public officials, but rather the unconscious result of the system and public institutions.

To complicate matters the entire world is entering an era in which the dominant issue is economic survival. Our nation has more resources and a more sophisticated technology than any other place in the world, but the emergence of big businesses and the massification of production have eroded people's abilities to produce for their simplest needs. The large corporations with their cunning advertising co-industry have turned people into sonspicuous sonsumers. As a result we have engulfed ourselves in the minute and the superficial and have lost track of the basic survival issues.

Although these are problems that have been developing for a long time, we fear that no one in the present administration has recognized the magnitude of the situation. We want to take this opportunity to present only our particular concerns although we recognize that we are but a section of those in despair. We want to emphasize that our position is so desparate that our very existence is at stake.

While national health administrators, policy makers, and doctors point to trends in vital statistics as evidence of the well being of American people and the level of sophistication of U.S. medical technology and services, the Native people's health continues to be poorer than that of any other group.

- Our infant mortality rate is 27 percent higher than the general population.
- Tuberculosis is more than 8 times higher among Indians than non-Indians.
- Influenza and pneumonia is 3 or 4 times higher.
- Obesity and diabetes are epidemic.

Could we not say that all of these figures represent perhaps the most deadly of social diseases....the disease of poverty?

If there is any doubt about the validity of that statement let me add that in our area, Indian people who die between the ages of 15 and 64 die almost exclusively from alcoholism, suicide, accidents, homicide, and cirrhosis of the liver. Thus poverty and its hopelessness, helplessness, and despair have become our people's "natural causes" of death.

If poverty is the primary problem we face now where will we be if the little we now have is taken from us? We live a life of Federal dependency which has been imposed on us. To live from one fiscal year to the next is not a life that we either relish or want. But with unemployment among our people ranging from 60-90%, it is a pittance of a life which we are forced to fight for.

Accountability, fiscal constraint, and austerity are not concepts that our people disagree with. But what are we to conclude about the justice and freedom of this nation when it is the programs of the poor that these are being applied to. President and Mrs. Reagan, with constraint and austerity have requested an additional operating budget for the White House of $800,000.00. That amount is about the equivalent of what is spent to provide sanitation for the 46,610 Indian people served by the Albuquerque area. The U.S. Navy in an attempt to demonstrate accountability is trying to explain what happened to more than 300 million dollars worth of equipment and supplies it lost from warehouses during FY 81. They lost half of the amount that is being requested today to provide for the health needs of all the Indian people of this nation. For $74,000 a year we run a technical assistance, training and advocacy project for the 7 tribes and 1 urban center we represent in two states which is noted for its excellence. Our Otitis Media project served over 2,400 people with hearing and speech screening, and evaluation services in those same communities in the first five months of this year on an annual budget of $158,000.00. That is our version of accountability, austerity, and constraint!

With allocations for missiles, bombers, cargo planes, ships, tanks, and war personnel proposed at $215.9 billion and the projected national debt at $98.6 billion we cannot abide any attempts to reduce or restrict the health care that Indian people so desparately need. This is why this testimony is trying to convey that the budget cuts we have been subjected to already have begun to show very serious results. We know that if more reductions are made we will find our people physically dying.

In order to prevent disaster not only do we need to maintain the clinical services we now have, but also it is imperative that prevention services not be reduced but rather increased. In the area of diabetes, for example, treatment is necessary to prevent death, but measures must be taken to prevent the spread of the disease which for us is socio-economic in origin.

Supportive services in the form of program management are crucial. Twenty five years ago Indian Health Service taught people how to use outhouses for sanitation purposes, and began the effort to ameliorate the rampant illnesses of tuberculosis, dysentery, and so on. Though these diseases continue to be with us today, we have become knowledgeable about them as well as about the use of clinical services; However, we still need to teach our people more about prevention and about management of programs not only in physical health but mental and socio-economic as well. Without this assistance our people will never be able to control their own existence. We have come a long way in just twenty five years. We certainly have not wasted the money appropriated to serve our needs.

Indian people are entering the professions that serve all the people of this country; we have served the nation in wars and in peace anytime we have been asked. We have treated all people on our land with consideration and care even when they were hurting us. Today we ask for a very small thing compared to what we have lost. We are asking for the opportunity to help our sick, to remain sane, and to learn to manage our resources and our lives in this very complex and alien society in which we find ourselves.

The accompanying testimonies and documents will furnish detailed information on the needs of the communities we represent.

STATEMENT OF TESSIE WILLIAMS, CONFEDERATED TRIBES, UMATILLA RESERVATION

ACCOMPANIED BY:
ELIZABETH JONES
CECILIA BERCHAM

Ms. WILLIAMS. We appreciate your letting us attend this hearing with our community health representatives. We are members of the Confederated Tribes of the Umatilla Reservation, from Pendleton, Oreg.

I have with me my packet of the Yellow Hawk Clinic of the Confederated Tribes of the Umatilla Reservation, and the pamphlet, "What is a CHR."

I requested we speak here to this governing body, part of the governing body, on behalf of the native American Indians, and mainly the health issues of today.

Yesterday, in another generation, our elders could foresee the many changes and problems our people would face. Today we cannot just sit back and watch these continuous changes. We have to request to be heard and express ourselves at these hearings so that the President and our Congressmen would understand how we really feel.

We are a people who live today in this generation; our health problems are not any different than other people, but there is always some reason why it is made so much more difficult for Indian people.

In the 1930's, 1940's, and 1950's, health statistics of Indian people were very bad, and I'm sure not very accurate. We lived with no jobs, very little money, poor housing, and with prejudice, which made it very difficult for society to accept us.

During the 1970's there were many doors opened to many of our people. Our people became interested in proper government, and they became motivated in many ways to take the responsibility of the tribes.

In the health field people were recognizing their problems and responding to the different programs to help themselves.

We have elders who will live a lifetime and die with arthritis, diabetes, and hypertension, without knowing what the disease is all about. This generation of people are involved in alcohol and many kinds of drug abuse. Some are admitting their problems and learning how to deal with a nationwide disease.

Our younger generation who are parents respond to well-child clinics and proper prenatal and postnatal care.

Today's budget cuts affect everyone, but at this point we as Indian people have come a long way just to protect our treaty rights of 1855, and our sovereignty. We in no way would jeopardize our people, as we have just to look at our younger generation and understand: Do we have to go back to the 1930's? These are our pride.

On our reservation our people respond well, and they support our tribal health programs, because they were part of the planning. Yes, our Congressmen and our representatives listened and heard what we as a tribe were doing and saying. It was nice also, for they did come to visit our reservation, to show that they understood our health problems.

We do appreciate what they did, and at this time would like to say thank you. There have been many doors opened, and we would like to continue opening these doors.

We thank you for letting us speak.

Senator STEVENS. Thank you very much, and we will study your recommendations on the CHR program. Thank you, very much; nice to see you ladies.

Daniel Peaches, of Dineh Cooperatives, Inc.

STATEMENT OF DANIEL PEACHES, DINEH COOPERATIVE, INC. BOARD MEMBER, CHINLE, ARIZ.

Mr. PEACHES. I am board member for the Dineh Cooperative, located in Chinle, Ariz., in the middle of the Navajo Nation.

I would like to say that the Dineh Cooperative is a private, nonprofit organization with an all-Indian board of directors, and except for two, an all-Indian professional staff.

The Dineh Cooperative has been in existence for the past 7 or 8 years. The last 3 years, DCI, as we call it, has been involved in commercial development in Chinle and other parts of the Navajo Reservation. We started with $1 million venture capital from CSA, and with that we have been able to leverage funds from other Federal agencies for the Navajo Tribe, and from DCI's own funds, to construct shopping center facilities.

We have been able to obtain a major tenant, Bass Supermarket, from Chinle. The supermarket has been operating for the last 10 months, and the revenue that it is making is more than had been projected in the proposal. The supermarket has all Navajo staff and is directed by Navajo individuals. It is a chain-type supermarket, but the one in Chinle is run by the Navajo people.

I would like to point out to this subcommittee that DCI has been able to bring an outside commercial entity onto the Navajo Reservation, simply because it had the venture capital to establish the necessary facilities. As you know, the lending institutions outside the reservations hesitate to invest and make loans for this kind of commercial development on Indian reservations, because of the trust status of the land.

We at Dineh were able to get around this problem by having venture capital and by leveraging with other tribal and Federal funds, to construct a facility, and we were able to attract a major tenant to occupy that facility. And adjacent to the major tenant we were able to induce Navajo businessmen to put in their small shops. And I think this is the way, we feel, that Indian reservation can attract industries on the reservation.

As you know, for too long the moneys coming onto the reservations all too often leave the reservation to border towns, and never benefit the people who live on the reservation.

Thank you, very much.

PREPARED STATEMENT

Senator STEVENS. Thank you. We will print your complete statement.

[The statement follows:]

STATEMENT OF DANIEL PEACHES

Thank you, Mr. Chairman and members of the Subcommittee, for the opportunity given me to present my statement on behalf of Dineh Cooperatives, Inc.

Dineh Cooperatives, Inc. or DCI is a nonprofit community development corporation with an all-Navajo Board of Directors and except for one, all Navajo staff located in Chinle, Arizona in the heart of the Navajo Nation. DCI was incorporated in 1971 and first received Federal funding from the Community Services Administration in 1976 which included a $1 million venture capital.

With a capable and dedicated staff and a supportive Board of Directors, DCI was able to develop a multi-million dollar shopping complex in Chinle as well as help bring about a multi-million dollar Chinle hospital and is now working with Chinle Hospital Steering Committee in seeking funding for a $20 million housing project for the staff of Chinle Hospital.

While CSA has been discontinued and entities like DCI have been forced to seek other funding from other agencies such as HUD; HHS, etc. I believe it is very important that DCI continue to get administrative and venture capital funding because it has accomplished so much in such a short period of time.

As a Board member of DCI for the past six years, I know that the reason for the successes and effectiveness of DCI is because it is outside any bureaucratic structure. DCI has been able to make plans, decisions, and take necessary actions independently of any existing red tape which are so common in a governmental entity.

The Navajo Reservation, not unlike other Indian reservations, is almost totally isolated from the outside or surrounding communities by distance, language, culture and the unique Federal status. The normal method of bringing industries, housing and shopping centers does not apply here because land is not a saleable commodity, therefore, in place of land some other form of asset or equity has to be substituted. In the case of DCI a completed facility at the cost of over $2 million was necessary to attract outside vendors. Funding for this facility came from CSA grant and HUD's block grant as well as DCI's own venture capital.

The Navajo Tribe has seized upon DCI's example and is now planning its own five growth centers on the 25,000 square mile reservation employing DCI's method of constructing facilities and then bring an anchor tenant and make the smaller spaces available to Navajos who wish to set up shops adjacent to major tenants.

Presently, the Navajo Nation has an Overall Economic Development Plan (OEDP) which calls for the development of a private sector economy that will become a new economic base replacing livestocks for the Navajo people.

DCI's OEDP also addresses this issue, but only on a smaller scale involving about 8,000 square miles so that both DCI and the Tribe may achieve what Interior Assistant Secretary Ken Smith calls for when he said Indian reservations need to develop a sound, well-planned, well-managed Indian economic development as a means of achieving reservation economic self-sufficiency and addressing substandard socioeconomic conditions.

DCI was the only Indian community development corporation (CDC) of some 32 CDCs in the United States which were funded previously by the Community Services Administration. These CDCs are now operating under the Office of Community Services, Department of Health and Human Services. We believe that the concept of capital formation using income leveraging for economic development projects is the best method of initiating economic development on Indian Reservations. Leveraging involves the use of Federal dollars to generate private sector capital in order to acquire more dollars. We believe that in terms of cost-effectiveness, this kind of leveraging has exceeded all government sponsored projects in achieving the greatest returns on investment dollars whether these were spent on services or enterprise projects. While these concepts are becoming commonplace in today's economic climate it is especially necessary on Indian reservations where there are no lending institutions available. This means of generating financing for business ventures is both novel as well as cost-effective.

Based on DCI's experience, I believe that one of the most effective ways of addressing the severe unemployment situation on Indian reservations is to make venture capital available to Indian Tribes that have the potential of developing the private sector on their land. HUD's Community Development Block Grant is a good tool and the Economic Development Section of CSA was also an excellent entity through which economic development assistance was made available to organizations like DCI.

This method of starting a process of a gradual adjustment away from dependence on the Federal dollar, and for a paced initiation of self-sufficiency, is the key element of meeting and accepting the challenge posed by Assistant Secretary Smith. But first Federal resources are still necessary for starting Indian businesses with the necessary capital. Second, such mechanisms such as the Enterprise Zones and the Urban Development Action Grants (UDAG) are vital to our future success. These are concepts which like the HUD-Community Development Block Grant Program (CDBG) have been successful on and off Reservation situations. To be sure, there is no reason for not having successful Enterprise Zones and UDAG areas and programs on Reservations. Third, DCI's projects attest to the tremendous potential of well-planned and well-managed projects. Funds which are earmarked for economic development by the Federal government must be made available to organizations which have proven records of economic development as well as to Indian Tribes with the necessary technical assistance whenever possible.

I believe making Indian reservations Enterprise Zones is just a start. The second and most important ingredient is public capital because private enterprise is not going to invest on Indian reservations where land is held in trust. This public capital could be in the form of grant, loan or any combination thereof.

American Indians have lived for centuries on this continent on a livelihood that was based on bartering, hunting and growing enough food for one's family and never on the accumulation of economic wealth. Therefore, it is very awkward to suggest economic development as accumulation of wealth, but nevertheless, when one is surrounded by a new economic condition and not be a part of it, is simply to suffer economic deprivation in a land of plenty and thus we of the Navajo Nation feel it is time to participate in the economic mainstream by means of private sector development, and bring about a better economic condition for the Navajo people.

However, it is one thing to have capital and it is totally another thing to put that capital to a productive use. The necessary expertise in planning, development and management of economic venture is lacking on most Indian reservations, including the Navajo. Therefore, I am also recommending that funds for training in planning and management of commercial ventures be made available along with the venture capital.

Funding for DCI was based on an eventual phase out of Federal support. Our shopping center complex is staged into three phases. The first phase is completed and operational and is producing income above what was projected. The second phase is now underway and should be completed in a year and a half. The third phase should be completed in three to four years. Once all three phases are completed and operating, DCI will be totally self-supporting and will have enough capital to develop other projects without Federal funds. We hope to achieve this status in five years. All venture capital should have this condition of eventual phaseout as incentive to become self-supporting. I believe the climate is here for economic self-sufficiency on Indian reservations. Self-determination is now the goal of most Indian tribes and economic self-sufficiency is an integral part of being able to do things without depending on someone else.

Attached to my statement are detailed accounts of the accomplishments of the DCI.

Thank you for your attention.

DINEH COOPERATIVES, INCORPORATED

Investing in the Navaho Nation

Dineh Cooperatives, Incorporated is a non-profit community development corporation chartered under the laws of the State of Arizona. Established in 1971, Dineh Cooperatives, Incorporated (commonly known as DCI) initially involved itself in assisting consumer and community cooperatives. Over the years, the cooperatives have included a wide range of activities such as hay and livestock feed, native arts and crafts, grocery stores and gasoline outlets, and a credit union.

In 1976, DCI began receiving funding from the Community Services Administration's Office of Economic Development. DCI has since been involved in a number of projects which included a community fire department, an industrial park, a $40,000,000+ hospital and housing complex, and a full-service shopping center. The shopping center is the largest on the Reservation. It and the hospital are true precedent setters from the standpoint of the hospital being developed by a local steering committee comprised of area residents and the shopping center altering the structure of land leasing on Indian trust lands in such a way as to accommodate development along private sector lines, e.g., a long-term lease and the right to sub-lease without government approval. Hospital construction is nearly finished with completion expected in the Summer of 1982. The first phase of the shopping center opened ofr business—with record sales—in March 1981. In conjunction with these new projects, DCI has involved itself in developing housing ofr the area, with an estimated 500 homes to be built over the next two years.

DCI is the only Indian community development corporation in the United States and is governed by a Board of Directors comprised of elected and appointed residents, making it a Navaho-owned and -controlled organization. The Board of Directors meets regularly to determine the policy and direction of the organization and meetings are conducted in the Navaho language. The Board is comprised of persons whom are ranchers, tribal officials, educators, legislators, administrators and business persons. The present staff includes persons from diverse backgrounds with significant professional standing and achievement. The majority of the staff are Indians, with over 80% being Navahos.

DCI'S VENTURE ACTIVITY

At the time DCI first established itself as a fully active community development corporation, it undertook the development of an Overall Economic Development Plan (OEDP). Initially, DCI sought to identify ventures that would provide needed services ofr the people while making an economic impact. Over a period of 1 to 1 1/2 years, DCI assisted local businesses with technical assistance and worked toward (1) developing ventures such as laundromats and other service-oriented activities, and (2) stabilizing businesses started in previous years such as cooperatives and credit unions. DCI also sought to assist in innovative projects such as the development of a fire department, industrial park and solar demonstration project. It soon became apparent, however, that if DCI were to make a real impact in the area of economic and community development it would have to expand its activities to include a high-impact, large-scale economic development project. With the staff working with the local communities and the Board of Directors' Venture Development Committee, the shopping center project was born. Historically, the Navaho economy has been colonial in nature with most of the economic institutions being controlled by non-Navahos. Dollars earned by Reservation residents have often flowed off the Reservation in one from or another without turning over even one or two times. Also, a full-service shopping center, i.e., one offering all of the services available in Reservation border towns, did not exist on the Reservation. This meant that residents often traveled hundreds of miles just to obtain life's basic necessities.

In late 1977 DCI began the development of the Tseyi' Shopping Center. Located in Chinle, at the mouth of Canyon de Chelly National Monument, the center will eventually encompass a 15 acre site and contain over 110,000 square feet of modern shopping facilities. Being in the heartland of the Navaho Nation, the center is accessible to over one-fourth of the Reservation's 160,000 residents and will include such services as a supermarket, bakery and delicatessen, post office, variety store, fast food and restaurant facilities, clothing stores, an optometrist, auto accessories and services, a theatre, small shops and a bank. The goal in the tenant mix is that of Navaho entrepreneurs complemented by large regional companies and the post office as anchors.

The 49,819 square foot first phase has been completed and is open to the public. The project has been very difficult to develop due to (1) the trust status of the land and the lack of business site leases either long enough or strong enough to attract quality tenants and financing, (2) the isolation of the region from the mainstream of business and financial activity, and (3) additional cost. The center will provide an additional 100+ new jobs in each phase, goods and services previously only available hundreds of miles away, and serves as a catalyst ofr future development while offering a source of pride in an Indian-owned enterprise.

DCI'S FUTURE VENTURE ACTIVITIES

The DCI Board of Directors decided that post-shopping center venture activity ofr DCI would involve the following:

1. A commercial AM radio station. This would be the first Navajo-owned commercial AM radio station, to be located on the Navaho Reservation.

2. A manufacturing plant in Leupp. Develop a tool and die manufacturing facility at Leupp. This activity will employ twelve to fifteen people in a highly skilled trade by the end of the first year of operation.

3. Development of tourism. Development of a major tourist attraction at Leupp as a precursor to further development of tourism as a major industry in the Navaho Nation. Tourism generates over $125 billion annually in the U.S. The Navaho Nation has barely touched this resource.

4. The first Navaho-owned bank. Development of a bank geared towards Indian self-determination and Navaho economic development is an integral part of long-range enterprise planning.

5. Small-scale agriculture production. Long surrounded by non-Indians farming large parcels of land similar to that found in Navaholand, the Reservation has yet to seriously develop the land to its full agricultural potential.

DCI, of course, will continue to provide technical assistance to communities within its Special Impact Area.

DCI is a pioneering effort in Indian self-determination in that only through Indian-owned and -controlled economic institutions can the Indian people fully realize their potential. This will take an understanding of the basic financial underpinnings of American society in general in order to change a colonial economy into an equal financial and trade partner with the rest of America. DCI, through its activities, is helping to build this base of knowledge and expertise to create an active and viable private sector for the Navaho Nation.

DCI'S RELATIONSHIP WITH THE NAVAHO TRIBE

DCI is a locally-owned and -controlled organization and is not an official part of the Navaho Tribal government. Receiving no direct financial support from the Navaho Tribe, DCI does, however, cooperate and coordinate with the Tribe's economic and community development entities while still responding to local requests for assistance and development. Through the Tribe, several significant grants have been received to carry out specific projects. DCI is part of the Navaho Tribe's Overall Economic Development Plan through the projects DCI has undertaken.

DCI has enjoyed strong support from the Navaho Tribe both in the obtaining of funds for the Tseyi' Shopping Center, and in other projects such as the new hospital, the fire department and an industrial park. DCI attempts to complement and enhance the overall development of the Navaho Nation as expressed through local and national representation, while still addressing the direction expressed through its own locally-elected and -appointed Board of Directors.

DCI enjoys the role of a private corporation able to work towards public needs and goals while working within the private financial sector in venture development and activity.

Senator STEVENS. Are the Chinle Hospital people here?

STATEMENT OF JON D. COLVIN, VICE CHAIRMAN, CHINLE HOSPITAL STEERING COMMITTEE

Mr. COLVIN. I am vice chairman of the Chinle Hospital Steering Committee on the Navajo Nation. We have submitted testimony, and I would just like to summarize a little bit of it, if I may.

We do appreciate the support of the Senate and this subcommittee over the past 5 years in being able to help the Chinle Hospital Steering Committee bring much-needed hospital services to more than 27,000 people who reside right in the heartland of the Navajo Nation. IHS occupancy of the Chinle Hospital, which has been under construction now for about 3 years, is scheduled for May 21, which is just 3 months from now.

The $22 million facility may not be able to open this year. It may not be able to open ever. We have a rather distinct problem. The President's fiscal year 1983 budget requests 139 new staff positions for the Chinle Hospital. This is fine. It is a phased-in approach to the 324 additional staff positions we need, because it is a brand-new facility.

However, the President's same budget requests absolutely no funds to build the homes that are necessary to house the new staff members in this very remote location where there is no other housing.

When I inquired at OMB on Monday, the response was to utilize the $47 million which was appropriated for facilities in fiscal year 1982, of which $40 million had to be added in by the Congress itself. But, as you and I are aware, and IHS confirms this to us, these funds are already set aside, and programed for other uses, or they would not have been requested and appropriated in the first place. So somebody has really dropped the ball on this project. We have a hospital ready to open, and no housing for the staff to live in.

A master plan for the hospital housing is nearly completed. In fiscal year 1982, the Congress appropriated $336,000 for housing design. This is a process that should be sufficiently completed this summer for construction of the houses to begin, if we had the money for housing construction.

The funding choices, as we see them, are either (a) congressional authorization for the Indian Health Service to enter into a long-term lease, which the Senate supported last year, so that private sector funds could be attracted to finance construction, or (b) direct appropriations for construction by the Federal Government, which has been the practice over many years.

Senator STEVENS. Why don't you use the construction camp? The trailers are there. We built a hospital in Bethel that had the same problem.

I can remember when the moneys were appropriated. They were not requested by the administration. You cannot blame the administration for not planning for what was shoved down their throats. I really do not see any initiative coming from the Chinle people. We moved, in Bethel—which is a lot more remote from what you are talking about—

to meet this need for housing, for employees, and it will take some time to work out.

I do not think it is fair to come to this committee and criticize us for not having added more money for housing for a hospital that was not even built yet. And there is a construction camp there. There is some 125 trailers there that people have lived in, that—they would work for a temporary housing. And there is no reason to come and ask us to take money from the IHS, when it is being cut everywhere—for those employees, who are not Indians—to ask us to take money out of the Indian budget to provide employee housing for the employees of that hospital. There are construction trailers there, and I suggest you go home and work out a plan.

Mr. COLVIN. Let me comment on that, if I may. There are no construction trailers there at all. What there is is a construction trailer camp. It has fewer than 100 trailer slots in it, and we are not sure at all how we would be able to even get the money to provide the trailers to put into those slots in order to be able to then use those trailers for housing.

Also, the problem——

Senator STEVENS. The employees are paid. You can make some sort of a plan to approach that construction organization to leave those trailers there, because it is just going to be impossible to put money into this budget for non-Indian matters, and those are not Indian—you know, those are not people for whom we are directly responsible in this budget.

Now, you have to work out a plan at home. We had to work out one in Alaska, and eventually we will get around to building those houses, but we are not going to do it at the basis of sacrificing community health representatives or other portions of this Indian Health Service budget. Now, you'd better tell them—and I back these programs as much or more than anyone on this committee—I am not going to support housing before community health representatives. I am not going to support housing for people who work in that hospital before staffing the hospital. You'd better get your priorities straightened out at home, and try to work on that one yourself.

I am sorry to tell you that, but that is my position, and I am going to follow it through this year.

Mr. COLVIN. We do agree with what you are saying, and let me just indicate another thing.

What we are told by the Indian Health Service and ROFEC, the Regional Office for Facilities Engineering Construction out of San Francisco, is that that trailer park is going to be demolished by the Federal Government—not by the people of Chinle—because it was not part of the hospital complex to begin with, and at the end of the construction of the hospital there will be no trailer park left.

Senator STEVENS. We put over $1 million in the reprograming for a plan to use that construction housing after construction, for temporary housing. We have already put money. We moved into that and tried to help. We have had no assistance from your organization in trying to work out that plan.

You have come here and asked us to add money to a budget that is already tight. And I am telling you, I am not going to support that, and you might as well know it. I think that members of the committee will listen to me on that, because I have talked to the people, community health representatives, I have talked about staffing the hospitals, and there is no sense in putting money into the new employee housing when there is adequate temporary housing there. It is not totally adequate, but it is better than there is in a lot of other places.

And I am really serious, now: I am not going to support your request.

Mr. COLVIN. I understand. But I would like to work with you and with your staff, because, as I mentioned, they are saying they are going to tear down the trailer park. Not us—we have said, "Please keep it." The Federal Government has said that "We are going to tear that trailer park out."

Senator STEVENS. We will work with you on that.

Mr. COLVIN. And that leaves us with only 20 houses that have been built with the reprogramed money. And of course we need more than that.

We are willing to work on anything we can, and I think you know that we have been trying to get private money, as well, and have been working with the Senate to see if the lease authority could get us private money to build the housing. Unfortunately, the House did not go along with that.

So we will do anything we can. I think we have tried in the past, and will continue to if we can have discussions with you and your staff on it.

Senator STEVENS. We would be glad to do that. Thank you very much.

Mr. COLVIN. Thank you.

[The statements follow:]

STATEMENTS OF JON D. COLVIN

APPROPRIATION REQUESTS

An FY82 supplemental appropriation of $7,253,000 for the construction of 88 units of Indian Health Service staff housing is imperative if the Chinle Comprehensive Health Care Facility is to open on time. An FY83 appropriation of approximately $10,800,000 is needed to fund the construction of the remaining 131 units that are required if the hospital is to offer the full range of services for which it was designed and built. One hundred sixty-seven Chinle hospital staff positions must be added to the 139 new positions included by the President in his FY83 budget.

THE NEED FOR STAFF HOUSING

Chinle is a very remote rural community located in the heart of the Navajo Nation. Like many other Indian communities, Chinle suffers a severe shortage of housing. There are no houses within 100 miles that could be rented or purchased by any of the new employees who will move to Chinle to work in the hospital.

For the last two years, the Chinle Hospital Steering Committee has struggled to ensure that there would be adequate housing for the staff of the hospital when it opened. In its efforts, the Committee investigated the funding of housing construction through both traditional private-sector financing and through the issuance of bonds.

The use of these alternatives might still be possible if the Congress were to authorize the Indian Health Service to enter into a long-term lease for the houses. However, in Autumn 1981, Congress declined to provide this authorization. Without Congressionally-approved lease authority, the only remaining choice is direct construction by the federal government.

Two hundred thirty-nine new housing units are needed for the hospital's employees. Without these units, Indian Health Service will not be able to hire the necessary staff, and the newly completed $22,000,000 hospital will not be able to open. Provision of fewer than 239 houses would mean that the hospital will be forced to offer only a very limited level of services. Such a low level of operation would not only deprive the Navajo people of the optimum health care that they deserve, it would also impose hidden costs on the federal government by requiring continued transfer of many patients to distant facilities for care.

At present, a master plan for the hospital site, including the staff housing area, is nearly complete. In addition, in FY82 Congress appropriated $336,000 for design of the housing units. The design contract has been advertised and the work should be substantially finished by this Summer.

However, the President's FY83 budget does not include any funds for construction of staff housing in Chinle. Your help is needed to support the Indian Health Service's request that $7,253,000 be appropriated as an FY82 supplemental to construct the first 88 units of housing. While not a complete solution to the Chinle staff housing problem, these 88 units would be sufficient to house those persons, of the 139 new positions authorized in the President's FY83 request, who cannot be hired locally.

In addition, an appropriation of approximately $10,800,000 is needed in FY83 to fund the construction of the remaining 131 units. These appropriations would at least minimize the number of months during which substantial portions of the hospital will simply sit empty and unused due to lack of staff and housing.

THE NEED FOR STAFFING

The Chinle Comprehensive Health Care Facility will provide health care services to over 27,000 Navajo people living within the 3,600 square mile Chinle Service Unit.

The hospital will provide 60 in-patient beds for medical, surgical, pediatric and obstetrical care, renal dialysis, respiratory therapy, physical therapy, and intensive care, as well as expand on the current out-patient clinical services.

The Chinle Comprehensive Health Care Facility was initially funded for planning and design in FY78. At this time, construction of the facility is scheduled for completion in June 1982.

As the Chinle Health Center staff prepares to move from the existing clinic to the hospital facility, it is vital that additional personnel be provided to assure an orderly transition from an ambulatory care-based operation to a combined ambulatory care and in-patient, hospital-based operation.

Major undertakings now facing the Chinle Service Unit and Navajo Area Indian Health Service to accomplish this transition are (a) selection, procurement, delivery and installation of $2,500,000 worth of movable equipment, (b) development of policies and procedures for orderly management of the new facility, as well as (c) operation and maintenance of the facility when Indian Health Service assumes ownership of the hospital in June 1982. Many other substantial tasks must be completed if the facility is to meet the goal of attaining certification by the Joint Commission on Accreditation of Hospitals during its first year of operation to assure superior health care.

Currently, 80 positions are funded to staff the Chinle IHS Health Center. Over 90,000 out-patient visits are seen each year at this small clinic and its outlying field locations. Due to this heavy workload, the existing health center staff has little time available to plan and prepare for the significant expansion of services which will occur when the hospital facility is completed and ready for occupancy.

A total of 324 additional positions are required to adequately staff and operate the facility on a full scale basis. One hundred fifty-seven positions (18 authorized in FY82 plus 139 new positions) have been included in the President's FY83 budget, leaving 167 yet to be requested. Congressional support of the 139 newly requested positions and inclusion of the remaining 167 required positions is crucial. The Chinle Service Unit desperately needs the infusion of additional manpower to assure that the aforementioned tasks are performed and the investment in the planning, design and construction of this greatly-needed hospital is not wasted when the facility is ready for occupancy in a few months.

The Chinle Public Schools would like to thank the Committee for its interest in the education of Navajo students and for the opportunity to present this testimony. We sincerely hope that this brief presentation will provide you with base information or cause you to request further information so that the federal funds for the education of Navajo students might be protected.

The Governing Board and administration of the Chinle Public Schools stands ready to provide any information necessary to support our request for continued funding under Public Law 81-815 and Public Law 81-874.

The Chinle Public School District lies wholly within the boundaries of the Navajo Reservation in Northeastern Arizona. The school district contains 7,200 square miles of mountains, mesas, plains and desert, making it the largest geographical school district in the continental United States. Our district also has the largest Indian student population in Arizona and the second largest in the continental United States.

As a point of size comparison, the following information is presented for your understanding:

Vermont	9,609 square miles
New Hampshire	9,304 square miles
Massachusetts	8,257 square miles
New Jersey	7,836 square miles
CHINLE SCHOOL DISTRICT	7,200 square miles
Connecticut	5,009 square miles
Delaware	2,057 square miles
Rhode Island	1,214 square miles

The people who live, work and go to school in the district drive on only 170 miles of paved roads. About the same number of miles of improved dirt roads exist with the majority of the roads being unimproved dirt. Many miles of bus routes are run on trails across the desert which do not even appear on B.I.A. maps in the area. Roads of this type and the distances traveled increase our transportation costs by 50% or more over urban costs, yet we do not receive extra funds due to these costs.

The current total population within the boundaries of the school district is approaching 40,000 people according to the 1980 census. With the average age on the reservation being under eighteen years, we should have nearly 13,000 students enrolled in our schools. Our current enrollment is only about 4,300 however, which indicates we are losing two-thirds of our students to non-attendance, B.I.A. schools, contract schools, and private schools. The causes of this high loss ratio are many, but the lack of adequate facilities, minimal programs, transportation problems and difficulty in attracting strong teachers because of poor housing need to be stated. Our current drop-out statistics indicate that we graduate only one student of every three leaving junior high school.

PUBLIC LAW 81-815

The Chinle School District has critical needs for funding under this act. We have basically three ways to finance construction of school buildings for the district:

a. Local bonding
b. State aid for capital construction
c. Federal grants (P.L. 81-815)

Local bonding depends upon our assessed valuation which amounts to only $10,000,000. In Arizona a school district may go into debt equal to fifteen per cent of its assessed valuation, or $1,500,000 in the case of the Chinle School District.

Presently the district voters have authorized indebtedness in the amount of $1,300,000, but we are facing real problems selling bonds due to the fact that we are on the reservation and we are limited by the voter to paying no more than 12% interest on the bonds. As will be demonstrated later, the construction needs of the Chinle School District stand at $38,000,000 and will rise with inflation in the future years.

State aid for capital construction has been completely ignored by the Arizona Legislature under the new finance act. This means an extremely poor district such as Chinle must rely solely on local resources, which have been shown to be virtually non-existent; or, upon the federal government.

Federal grants under Public Law 81-815 funded our recently completed Tsaile Elementary School in the amount of $7,000,000. While this grant has met one need, many needs still exist. The following table indicates the status of our other facilities:

Facility	Date Constructed	Capacity	Enrollment
Chinle High School	1963	350	901
Chinle Junior High	1968	300	552
Chinle Elementary	1958	300	509
Chinle Primary	Facility leased from B.I.A. The next school year will be the last year we can lease the facility as it is scheduled for razing.		
Tsaile Elementary	1980	430	385
Many Farms Elementary	1965	300	461
Round Rock Elementary	1958	150	120
Red Mesa Elementary	1965	250	397
Red Mesa High	1975	350	369

The overflow students shown in this table have been accommodated by the installation of "temporary" facilities which have become a permanent solution to the problem. During the early 1970's the Chinle School District faced bankruptcy and still suffers the consequences of that period. Maintenance needs of the district were necessarily ignored and we now face mandatory expenditures of major proportions to make presently substandard facilities safe for students and attractive enough to be conducive to learning. Many of the "temporary" buildings need outright replacement. Some of the permanent buildings need repair to roofs, foundations, walls and floors due to settling problems.

Another great need of the district is to provide adequate housing for our staff. There is no private housing available on the reservation, thus the district must provide living space. Nearly all of the district housing is in the form of trailers which have suffered the same forced lack of maintenance as mentioned earlier. Approximately 60% of the trailers are critically sub-standard and need to be replaced. The need for adequate housing has a direct relationship to our ability to recruit teachers, and thus upon the quality of instruction for students.

Putting all of our needs together, we provide the following detail:

Chinle High School (complete)	$ 21,000,000.00
Chinle Junior High (addition)	2,000,000.00
Chinle Elementary (addition and renovation)	2,500,000.00
Chinle Primary (remodeling present High School and addition)	3,500,000.00
Many Farms (renovation and addition)	2,000,000.00
Round Rock (renovation and addition)	1,500,000.00
Red Mesa Elementary (addition)	2,000,000.00
Red Mesa High School (addition)	1,500,000.00
Teacherages (replacement)	2,000,000.00
	$ 38,000,000.00

PUBLIC LAW 81-815 CONCLUSIONS

The Chinle Public Schools have suffered from neglect for a number of years. This has been, in large part, due to the financial crisis of the early 1970's. It is also due to inadequate funding in light of special reservation high-cost items such as transportation and employee housing. The picture for the future is very bleak without continued major assistance.

PUBLIC LAW 18-874

Historically P.L. 81-874 monies have been granted to school districts with federal activity and to districts with a high concentration of Indian students in lieu of sufficient tax base to provide a reasonable level of education. Districts receiving these monies were permitted to spend them above and beyond the existing state school finance act in all states in the nation.

The Arizona State Board of Education has said that P.L. 81-874 funds may not be used beyond the existing finance act. Thus, regardless of the amount of money available, each district is limited to a specific spending authority. This has caused Chinle and other reservation school districts to carry forward unspendable funds which were critically needed to meet existing problems of maintenance and program development.

In the fiscal year 1981-82 the Arizona Legislature attempted to deduct a dollar amount of state aid equal to 20% of the 1980-81 P.L. 81-874 revenues plus 40% of the estimated 1981-82 P.L. 81-874 revenues. This attempt was challenged by Chinle and other districts through the Arizona Indian Education Project with the result that the federal government denied the withholding of the 20% of the 1980-81 revenues because the Arizona finance act was considered inequitable. At this time there has been no decision made concerning the 1981-82 P.L. 81-874 revenues.

It would be in the best interests of students in the Chinle School District if the P.L. 81-874 regulations allowed the full use of the P.L. 81-874 funds by local districts without the threat of loss of state aid. These funds were designed to meet the expense of running districts on federal lands, and such deductions seem contrary to the intent of the act.

If the Reagan administration follows its proposals for phasing out P.L. 81-874 funds over the next three years, it will be necessary for the Chinle School District to close for the following reasons. For fiscal year 1981-82 the district budgeted $3,400,000 in P.L. 81-874 revenues, 30% of our total budget. If this were phased out, and with the assessed valuation of $10,000,000 the mill levy would have to increase by 340 mills or 34% of property value to accommodate this loss. A tax levy of this rate cannot, of course, be accepted by the taxpayers.

Related to this problem is the fact that the Arizona Finance Act provides for about $100 increase per average daily membership. This would generate approximately $350,000 new dollars which amounts to about a 3% increase. This is not even sufficient to meet the normal salary increment for our employees.

PUBLIC LAW 81-874 CONCLUSIONS

The Chinle School District needs continued funding for the operation of the school district. Reductions of funds or the loss of funding will have dire effects on the quality of operation and could force the closing of the schools.

It is imperative that the regulations governing the use of the funds be structured to insure the full use of the funds.

The Chinle Public School District asks that funds under P.L. 81-815 and P.L. 81-874 not be reduced as the existence of the district and the education, safety and well-being of our students are in the balance. Please give full consideration to the information provided and documented through photographs in the appendix.

The Chinle Public School District stands ready to provide further information as requested.

Senator STEVENS. The Leech Lake Reservation Business Committee. Ms. Chase?

STATEMENT OF NADINE CHASE, LEECH LAKE TRIBE COUNCIL

ACCOMPANIED BY:
JIM MICHAUD
DEE FAIRBANKS
DAN BROWN

Ms. CHASE. To my left is Jim Michaud, Dee Fairbanks, health director. Dan Brown is also on the Leech Lake Tribal Council.

We are located in north central Minnesota. I would like to thank you, first of all, for the opportunity to testify before you today. The document that you have there is more detailed, and I am going to recap what we have, what our issues are today.

I wish to bring to the committee's attention some of our major concerns on the reservation. No. 1 are administrative budget cuts, and massive program changes are taking place. Tribes and Indian people are not being consulted. The 1982 and 1983 proposed cuts are, we feel, outrageously disproportionate to Indian people. BIA and Indian Health Service cuts seem to always fall on those programs contracted by the tribe.

The present administration not only proposes wide cuts; their concept of local control, it seems to us, is a farce. We are opposed to the block grant funding concept. We feel the BIA contract school should be eligible to receive Johnson-O'Malley funds. We need Federal assistance if we are to continue our conservation in hunting and fishing——

Senator STEVENS. Let me interrupt. You have a lot of people listening to your statement, and I just want to disabuse you of one thing. The budget has not been cut. The existing BIA budget is $996 million. Projected for next year is $1.051 billion. That does not include the additional $50 million for transfering the funds from Education to BIA.

This is the one sector of the budget that is not being cut. It is being expanded. It is being expanded more rapidly than it was before. The difference is there is more and more people claiming eligibility under the programs, and as a consequence the BIA and Indian Health Service have to spread this money even further than before. But it is not fair to come in and tell this committee that this administration or this committee is cutting the money for BIA or Indian Health Service. We are not.

There is more and more money being provided, and I think it is time that you and your organizations that work in the Indian community understand the figures. There is more money here than before. There is more money this year than last year. There is more money requested for next year than this year.

I am here to listen to your statements, but I am not here to listen to statements that indicate that we are cutting the money for BIA or Indian Health Service. We are not. There is a 7-percent reduction in the projected increase in this budget, but it is still being increased, whereas other areas are being decreased rather drastically. I urge you to study the problem and not tell us something that is not factual.

Ms. CHASE. We need Federal assistance to develop our fish and wildlife conservation efforts. The Indian hospital on our reservation needs to be replaced. We have been testifying on that for a few years. And we have, hopefully, plans to renovate it somewhat to help the people for the meantime. But we still need a new hospital. And the CHR program, we feel, must be continued. That is one of the main areas of health help on our reservation for the elderly, and all of the other people.

We feel the Congress should make a strong commitment to funding the Indian Child Welfare Act. We also feel that the Congress should investigate the contract support procedures of various agencies and departments. We also oppose the proposed move of HUD Indian housing to the Department of the Interior.

And I would like to thank you.

Senator STEVENS. Thank you very much. I did not mean to be abrupt or abusive. I hope you understand. But one statement you made disturbed me, and I think it is a bad impression to leave with the Indian people that we are cutting reservation services more on a basis than we are other areas of the economy. It is not right. I think you have to study what is happening to the money as it is being increased. Each year, it is being increased. While we are cutting everything else, this is actually going up. I do hope that you will study it.

Thank you very much. We will take a break, for the reporter and for the rest of the staff. The committee will come back into session at 10:35.

Your statement will be inserted in the record.

[A brief recess was taken.]

[The statement follows:]

STATEMENT OF NADINE CHASE

Mr. Chairman, members of the Appropriations Subcommitee on Interior and Related Agencies, my name is Nadine Chase. I am an elected member of the Leech Lake Tribal Council. The Leech Lake Indian Reservation, located in Minnesota's northwoods, is one of the six member reservations of the federally recognized Minnesota Chippewa Tribe. The enrolled membership of the Minnesota Chippewa Tribe is over 35,000. The Leech Lake Reservation enrollment is about 5000, most of whom live within the 920 square miles of reservation area. Government is vested in a five member elected Tribal Council which sets policy direction and provides a wide range of services to its electorate in the areas of business development, education, youth programs, health services, housing, employment and protection and utilization of natural resources.

Our testimony here today will address some issues which are probably of general interest to Indians and also some specific items especially relevant to Leech Lake.

The past year has been a time of surprises, concerns and doubts for the Indian reservations. The Federal Agencies have made some very sudden changes in direction for which we were not prepared and about which we were not consulted at all. The suddenness of changes and budget cuts have been explained as necessary because the Office of Managemen and Budget was demanding almost instant decisions on budget reductions, and there simply was not time to get any input from the Indians.

The Administration's proposed budget cuts feature massive disproportionate cuts to Indian programs. Indians represent only ¼ of one percent of the total federal budget, yet the same programs may absorb nearly 3 percent of the national budget cut. Reservation Indians, who comprise less than one-quarter of one percent of the national population will bear as much as ten times their fair share on a per capita basis. For example, the Department of Interior, Bureau of Inidan Affairs budget is being reduced by 21% at our agency level. Of that amount, 97% will come from Tribal Contracts. To bring that even closer home, over 60% of the BIA funds available for contracting by the Leech Lake Reservation in 1981 will be eliminated in 1982 and the situation in 1983 may be even worse. These funds do not provide administrative services. They provide people services in education, housing, conservation, employment, etc.. This represents only the BIA budget -- even greater cuts are expected in contracts administered through the Housing and Urban Development Administration, the Department of Labor, the Department of Health and Human Services, the Department of Education, the Community Services Administration, the Department of Commerce, and the Department of Agriculture.

Mr. Chairman, further I would like to reflect on some recent history. The American Indian Policy review Commission in its final report to the Congress and the Indian people said that if self-determination is to be a reality, decision making must be placed in control of the local community. Yet, today less that 50% of the annual BIA budget is placed out for tribal leaders to determine distribution. If today's tribal leaders are to meet the needs of those we are elected to serve, the inequitable distribution of funds by the BIA must be eliminated and budgeting decisions maintained at the central office level must be moved to a level closer to our people.

While social programs are being cut, damaged or destroyed, we have heard repeated assurances that the truly needy will not suffer as a result. We do not know by whose yardstick true need is being measured. We are inclined to measure proverty by per capita income, unemployment rates, housing conditions, availability of health care, percentage of population on public welfare and the like. If these considerations may still be used as a gauge, the Indian population is among those truly needy who are not supposed to be suffering.

It has been our observation that the needy are suffering and some people in this country who have never been in need are fast becoming needy. The policy direction responsible for this was soon caleed "Reaganomics" after the name of the man who is leading us on to where ever it is we are going. The label stuck for a while -- until we recalled something we learned in elementary school a long time ago. It is the Congress of the United States which is ultimately responsible for appropriating money.

The Indian tribes have always felt a particular regard for the Congress because of our special relationship with the government of the United States based upon treaties and upon laws enacted by the Congress. Congress has restated its commitment to Indian tribes numerous times in recent years in the language of legislation. What we have seen in the year just past -- is that the actions of the Congress in dealing with budgetary matters have undermined and eroded that commitment to Indian self-sufficiency, to Indian education and to Indian health. The solemn words of the laws you pass are only an offense to us when you take away the funds that will make them work.

While the Congress has often taken note of its responsibilities to the tribes, the states have done nothing of the sort. The states do not have the same relationship with the Indian tribes as the Federal government has. Indian reservations are usually treated like unwanted poor relations of the cities and counties by the state government.

Our state, Minnesota, already has serious fiscal problems. We are opposed to turning federal programs over to the sates. We are also especially opposed to any scheme to put the BIA, Indian Health Service or Administration for Native Americans into block grant funding to the tribes under the guise of providing more local control. We believe this would result in the eventual loss of services now provided at the federal level.

We would like to be certain that the United States government's trust responsiblity will always stand and that the Federal government's commitments to Indian health and Indian Education cannot be relegated to the states. We want to believe that the Federal government is still going to honor its previous commitment through continued implementation of the Indian Self-Determination Act.

We have, over the past decade, used federal programs in combination to strengthen tribal government, improve our planning and mangement capabilities, to finance construction, to train manpower for tribal business enterprises and to provide for the educational and health needs of our people. Since we have already came part of the way toward the goal of a viable economy for the reservation, this is the worst time imaginable for us to be thrown off balance by changing policies and budget cuts on the part of the federal government.

The Leech Lake Reservation has some strong opinions about Indian education. The recommendation to put Indian Education programs into the Department of the Interior seems to raise political and trust questions within the Interior Department. It is our understanding the BIA claims no trust responsiblity for education.

We oppose block grant funding of Indian Education Programs. We disagree with the ineligibility of BIA contract schools to recieve Johnson-O'Malley funds. Our Chief Bug-O-Nay-Ge-Shig School is not a "Bureau operated" school. Rather it is a contract school. The distinction should be made. Our students have special needs, as Indian children, which are not covered by the Indian Special Equalization Program Formula. The future develop- and welfare of our reservation is going to depend upon the quality of education our children are getting now. We do not believe that it is wise or practical to determine educational policies on the basis of present economy.

The Leech Lake Reservation has unique natural resources concerns. Out hunting and fishing rights were the subject of an historic court decision in 1971. With the acknowledgement of our treaty rights came the responsibility for conservation enforcement. We request that federal support for our enforcement and judicial efforts be made a line item in the BIA budget at the Washington level.

In 1981, the Bureau of Indian Affairs provided $400,000 to subsidize the Tribe's Conservation Code Enforcement Program. In 1982, this amount is being reduced to less than $60,000 and we are told that 1983 will bring even greater cuts, yet environment water resources and conservation needs are increasing.

Also, with regard to natural resources, we have sometimes been accused of depleting the fish resource of the reservation area. That, of course, is the last thing we want to do because our economic development is closely linked to the maintenance of fish population which will support viable tourism and commercial fishing industries as well as subsistence.

Questions about the future of the fish population are not just a local matter. Metropolitan newspapers and radio stations have addressed this issue. We simply do not have adequate information for rebuttal of the allegation that we are depleting the resource, now a sufficient data base for sound management planning. We are therefore asking for $150,000 to conduct exhaustive research into this situation.

In recent years, the federal government has encouraged the development of natural resources, to get maximum use of reservation timber land and lakeshore land. Housing construction and community development projects have been priorities and have been funded. Yet, the already inadequate budget for roads construction is being cut in FY80. On the Leech Lake Reservation, there is presently a need to construct new roads, streets, and gutters in 3 communities. The BIA Road Construction schedule within the Minnesota Agency is 10 years behind in meeting community needs and construction commitments. The Tribal Council strongly encourages Congress to continue its commitment to provide safe and modern streets and roads on Indian reservations and encourages the appropriation of adequate budgets to do so.

The PHS Hospital in Cass Lake, which has served the reservation since 1937, is sorely lacking in adequate space. The reservation has done some studies aimed at identifying health needs as they relate to physical space. Some of our findings are as follows: * The Indian population of the reservation and the immediate surrouding environs almost doubled between 1970 and 1980 and is projected to increase at a consistent 4% to 5% annual growth rate through 1995; * Health service utilization has been increasing in relation to population as well as changes in population itself. Birth rates, for instance, climbed 50% between 1971 and 1976 and are the highest among all Bemidji area service units. Outpatient visits have been increasing markedly. Patient days at the Cass Lake facility have remained relatively stable despite a reduced average length of stay; * A number of different health programs and services are provided on the reservation including outpatient care, inpatient care, nutrition programs, alcohol detoxification, dental care, optometry and family planning; however, they are not integrated into a cohesive, well-organized and patient-oriented health care program; * Approximately 75% of patient days recorded by the IHS are provided at the Cass Lake Indian Hospital while 25% are provided at contract care facilities; * A number of health programs and health-related activities are located in spaces remote from the Hospital and Ambulatory Care Center because of insufficient space availability. Considerable patient inconvenience, staff duplication and management dis-organization result from the spread of activities; * The existing 1937 hospital building and 1961 ambulatory care addition are considerd marginal, at best, for the accomodation of modern, patient-oriented, quality care health program. The current space of approximately 18,000 square feet is significantly under the approximate 54,000 square feet required to accomodate the programs in an organized fashion (IHS Space Criteria); * The current facilities for patient detoxification are inappropriate for a wll organized alcohol treatment program. The eleven beds are remotely located fromt eh nospital in cramped temporary trailers on the back corner of the hospital site; * Remodeling costs are expected to approach 80% of new construction cost. Considering these highlighted findings, as well as other more detailed considerations such as anticipated increase in reservation health facility utilization and better organized health care services, it is concluded that a new facility is required. We expect to detail the nature of the facility, the potential reuse opportunites of the old building and the site location for the new facility as we progress in the project.

The Community Health Representatives (CHR) program is a well-established and needed health care delivery system at Leech Lake. CHR staff people are well-trained, local workers with knowledge not only of medical resources, but of local conditions, family problems and the Indian language. The CHR program provides home health care, emergency medical services, health education, maternal and child health care and other health related services. The workers often act as intermediaties between health professionals and the isolated and fearful low-income people most in need of preventive or remedial health care. We are asking for Congressional action to restore this program which the President's 1983 budget request would eliminate.

The reservation has surged ahead in meeting obligations of the Indian Child Welfare Act, an act that was made law but never funded adequately. Now with the additional cuts a reality, the Tribe has no funds to adminster a social services program while state and counties realize no jurisdication or responsiblity.

Present policies pretaining to the approval of indirect cost rates by the various agencies that we now have grants and contracts with have created numerous, financial, legal, and audit problems. We respectfully request the Congress to investigate the indirect cost pool method of covering administration overhead and how the program functions on Indian reservations.

Presently, 52% of the reservation population resides in substandard housing. The HIP has never been funded adequately to meet reservation needs. Now with the proposed elimination of the Indian program within the H.U.D. administration, attempts to improve housing conditions will only be further impaired.

The reservation, through assistance from various agencies, has constructed community water and/or sewer services in nine separate communities. Yet, funds to maintain such systems are not available. The tribe strongly encourages Congress to fund a line item in the IHS budget for the purpose of assisting the tribes in the operation and maintenance of community water and sanitation systems.

IN FY 82, IHS funds for the construction of individual well/septic systems will meet less than 5% of the reservation's identified need. The tribal council supports IHS requests for additional funds to satisfy the need for construction of sanitation facilities during FY 83.

Mr. Chairman, in closing, let me say, the multitude of budget cuts and deferrals of federal expenditures proposed by the Reagan Administration will open the door for obliteration of the successes and developments achieved by the Leech Lake people in the last two decades. Not only are the people of our reservation being adversely affected by the policies and actions set forth by the Reagan program the entire population of our state is suffering from the loss of service to the poor, the elderly, and most important loss of all, declining education services to our youth. Further, it is the position of the Leech Lake Tribal Council that federal budget cuts to Indian programs are unlawful, a violation of federal trust responsibility, and a wrongful interference by the executive branch in promises made by treaty and policies established by Congress. Being small sovereign nations, we respectfully request assistance of the United States Congress to halt actions being sought by this administration with regards to Indians.

Thank you.

Ms. RICHARDSON. The subcommittee will come to order. There is a full Appropriations Committee meeting going on at this time that the other members of the subcommittee are involved in. We will have Senators coming as their schedules permit; but, in order not to get behind on the testimony, we will continue at the staff level. My name is Linda Richardson, and I am a staff member on the Interior Appropriations Subcommittee.

Our next witnesses represent the American Indian Health Care Association.

STATEMENTS OF:

CHARLES LOVE, PRESIDENT, AMERICAN INDIAN HEALTH CARE ASSOCIATION

ROMONA ORNELAS

Mr. CHARLES LOVE. We appreciate the time this morning to appear before you on behalf of our membership and to apprise you of the impact of the proposed fiscal year 1983 budget on the 40 urban and rural Indian health care programs funded under title V. We ask this committee to appropriate $9 million for fiscal year 1983 for these programs, so that we can continue the current level of services.

As you know, no money has been proposed by the administration for title V of Public Law 94–437 in fiscal year 1983. Loss of this funding will mean a discontinuation of at least 600,000 services to an Indian population of more than one-quarter of a million.

The States are still loathe to accept the responsibility for the health care of Indians. They do continue to view this as a Federal responsibility. Urban Indian organizations cannot apply directly to the Federal Government for block grants as the tribes can.

This situation, of course, puts the urban and rural Indians in a Catch-22 position. Medicaid is a shrinking resource. Strict eligibility will remove 20 to 30 percent of the Indian clientele from medicaid rolls. These are primarily the medically needy category. Those who can still obtain medicaid assistance may not find the private provider willing to accept them, as fewer and fewer are willing to accept the ceilings placed on reimbursement.

As an example, in our city of Wichita, population of 300,000, we have currently eight physicians only who will accept medicaid recipients. In Montana, one county will no longer provide medicaid to Indians because they feel health care for Indians is Indian Health Service responsibility.

Local and State governments are not willing to accept the added tax burden of indigent health care for Indians, nor are the local hospitals. We have letters to this effect. We are submitting them from around the country to the various committees.

Removal of Title V support of the urban Indian health will force Indians to once again rely on emergency rooms for primary care, and they will be hospitalized for illness that could have been prevented or limited on the primary level.

Indian Health Service units cannot handle the added demand of some 300,000 Indians returning to reservations for care. Even this resource may not be available in some areas, where they are restricting care to local residents only.

In summary, we again ask the responsibility of Congress, the Government, to be recognized and for an appropriation of $9 million for fiscal year 1983 to continue the current level of services. Thank you.

Ms. RICHARDSON. Your proposal would continue all 41 programs. There will be an evaluation conducted this year. What is the position regarding those title V projects which do not pass the evaluation?

Mr. CHARLES LOVE. The American Indian Health Care Association is taking a stand that all programs should be evaluated, that all programs should be given continuation funding based on performance, past records, and so forth. It will not be our decision, of course, as an association, for those who would or would not be continued after the evaluation. We do, however, support, as you know, mandated evaluations.

Ms. RICHARDSON. Thank you very much. Your prepared statement will be placed in the record.

[The statement follows:]

STATEMENT OF CHARLES LOVE

Mr. Chairman, I am Charles Love, President of the American Indian Health Care Association. On behalf of the membership of the AIHCA, I would like to thank you for the opportunity to comment on the impact of the proposed FY 83 budget upon the health services for the urban and rural Indian populations of this country. These people are served by the forty Urban and Rural Indian Health Programs currently funded under Title V of P.L. 96-537--The Indian Health Care Improvement Act.

In order to fulfill the obligations set forth in The Indian Health Care Improvement Act, we ask this Committee to appropriate $9 million for the Urban and Rural Indian Health Programs.

In FY 81, we estimate that 650,000 services will have been delivered to a non-reservation Indian population of 300,000. These services were provided through an appropriation of $8.9 million. In FY 82 we anticipate a loss of 50,000 services as a result of the 8 percent cut to the FY 81 level. We are now at $8.16 million. In order to maintain at least 600,000 services to an ever-growing population, it would be necessary to retain at least $9 million funding level to maintain the current level of operations.

The Administration proposes to eliminate the Urban and Rural Indian Health Programs in FY 83 and has recommended no funding for this period. In the IHS Budget justification statement, HHS asserts that "this program has fulfilled its purpose by providing a demonstration of the value of providing health and referral services for urban Indians in many circumstances. These services may now be funded, as needed, through the Department's health block grants, or other services." While we are gratified that our contributions to the improved health status of Indians is recognized, we know that the goals and objectives of The Indian Health Care Improvement Act have not been fully realized, principally because Title V has never been funded at the authorized levels. Substantial unmet health needs remain. We refute the latter part of the statement, as we already know that health block grants are not going to be an alternative to the Title V dollar. Our surveys of the states and discussions with Administration officials indicate that there will not be a policy that will recognize the non-reservation Indian as a special population. This will place urban and rural Indian organizations in direct competition with established health systems. Our queries indicate that funding will go to official health systems such as state and county health departments and those programs already established as categorical programs. New starts will not be financed as states will be struggling to maintain current levels of service with diminished amounts of funding. In addition, establishment of state bureaucracies to handle the block grants will absorb some of the Federal dollar. This, coupled with additional cuts in health block grant funding, will actually reduce the dollar level available to the states for disbursement. Unlike tribes and tribal organizations, urban and rural Indian organizations are not eligible for direct funding from the Federal Government. The exception were those few projects already receiving funding under the Public Health Service Act. The Administration is proposing to change this provision, thus placing this source of funding in jeopardy further. In addition, these projects may lose community health center funding or have it drastically reduced as Indian populations will not be designated as Medically Underserved Areas. The designations will be on the basis of areas only. Indian populations are widely dispersed throughout the urban areas and urban projects often serve more than one area. Most importantly, states are loath to accept responsibility for health care that, in their view, is a Federal responsibility. This places non-reservation Indians in a "Catch-22" position. If this situation is allowed to stand, they can turn to neither for the health care that they have a right to expect. The lack of a definitive policy toward non-reservation Indians is a gross omission on the part of this Administration. It remains for this Committee to comment upon this lack and to take definitive action in the form of recommending an adequate appropriation.

Changes in state Medicaid/Medicare policies via stricter eligibility criteria, demands for copayment, deductibles that must be met before care is reimbursed, and ceilings on reimbursement (sometimes at three-year-old levels) will severely limit Indian participation in this program. In addition, private providers are refusing to see Medicaid recipients because of the ceilings placed on reimbursement. As a result of these changes, some of the larger projects will sustain a 30 to 40 percent decrease in revenue from Medicaid. The working poor will be hardest hit as they will no longer be eligible. The urban projects must absorb this cut somehow. The Title V dollar assumes added importance to the continuation of health services for the Indian people adversely affected by the change in these policies.

The proposed block granting of the WIC program into the Maternal Child Block Grant will result in a loss of services to many Indian clientele. As with many block-granted programs, the funds will be cut and what finally filters down to the recipients will be lessened. In the past, states have reluctantly established WIC programs through urban Indian organizations only because of Federal policies that mandated service to Indian populations. This safeguard, as with the other block grants, will not be there. The AIHCA, therefore, opposes the block granting of the WIC and food stamp programs.

Prior to these distressing economic times, urban projects have always been able to generate an equal amount of funding from other resources. However, those resources are dwindling. The in-kind seivices generated by these programs is dependent upon the core organization that is supported by the Title V dollar. Numerous efforts have been made to seek other sources of funding from private foundations, voluntary organizations (such as United Way), city, county and state governments. One project developed 37 proposals -- all turned down on the basis of policies that would not allow them to service one ethnic group. It is clear that no other resource can or will fill the gap created by the loss of these cen- ters. Nor will health insurance be a resource. Only 9 to 11 percent of center clientele have insurance. By and large, it is coverage only for the employed individual as the cost of coverage for dependents is beyond the means of the work- ing poor. The unemployment rate among the Indian population is usually at least three times that of all other population groups.

It behooves this Committee to consider the impact upon local hospitals, city and county governments, the Indian Health Service and, most importantly, the clients of these centers should the Urban and Rural Indian Health Centers be defunded. Prior to the establishment of these centers, the pattern of health care utilization was use of emergency rooms for primary care, hospitalizations for ill- nesses that could have been prevented or limited, and long-distance travel (some- times up to 200 miles) back to Indian Health Service units for care. Local hospi- tals cannot absorb the added cost of indigent care. In some instances, $80,000 a year is already being written off for indigent Indian care. Because of the inter- vention of the centers, and the agreements secured from hospitals, the adverse impact and demand upon the IHS contract care dollar is lessened. This is a graphic demonstra- tion of the value of the linkages established by these centers. Local and county governments have gone on record as supporting the centers and have indicated that they cannot supply the services provided by them should they be defunded. They do not want and cannot support an added tax burden for indigent care. Indian Health Service units are already overburdened and will be experiencing cuts in clinical services. They cannot handle the added burden of some 300,000 patients demanding care. The Title V dollar has already indirectly supported the contract care dollar -- perhaps as much as half a million dollars per year. In one instance, $75,000 a year is subsidized by the Title V dollar. The immigrant and transient population in some instances is as high as 20 percent of the client population. Now that con- tract care is limited to life and limb only, the care provided by these centers be- comes all the more important and represents the only health resource now available to newly-arrived Indians. Finally, the effect upon the clientele of these centers will undoubtedly be adverse to their health. Some real improvements in health status have been realized due primarily to the efforts of these centers. Pregnant women now receive prenatal care in the first trimester of pregnancy where they used to present themselves at hospitals at delivery time. This has undoubtedly resulted in the lowering of the infant mortality rate. Unnecessary hospitalizations have been prevented among diabetic patients because of culturally sensitive and intensive education and treatment efforts. Indian children now have a higher-than-average immunization rate. Other successes are too numerous to cite here, but it is clear that the Urban Indian Health Centers have made a significant contribution to the health and well-being of Americans Indians in a cost-effective manner. For a mere $29 per person and cost per encounter of $14 per person, the Urban Indian Health Programs have assisted the Federal Government in fulfilling its responsibility for providing health and education to American Indians. They are unique in the services that they provide -- services that cannot be totally duplicated by any other health entity.

If the Committee will recall, the impetus for inclusion of Title V of The Indian Health Care Improvement Act was to provide access to health care for urban Indians where none existed. To defund these programs is to ask for a return to the days when urban Indians had no access to health care. Despite the successes of these programs, the full realization of P.L. 94-437 is yet to come. The appro- priations have never equaled the authorized level. The levels contained in P.L. 96- 537 -- the reauthorization of The Indian Health Care Improvement Act in 1980 -- were determined by the unmet needs defined in the Congressionally-mandated Urban Specific Health Plans. At the recommended level of $9 million, only 28 percent of the need would be addressed in 1983. This figure is not adjusted for inflation. If inflation is taken into account, only an estimated 20 percent of the need will be addressed in FY 83.

The Committee will recall that it was the government policy of the 1950s to relocate and terminate Indians that created the urban Indian in the first place. The current push is economic as reservations experience high levels of unemployment and not enough assistance to develop economically. One-half of the Indian popula- tion now resides in urban areas, according to 1980 U.S. Census Bureau statistics. The trend will undoubtedly continue and this Committee must provide redress for this population who could very easily become the disenfranchised, forgotten American in the next decade. To reiterate, AIHCA asks the Committee to appropriate $9 million for the Urban and Rural Indian Health Programs.

Ms. RICHARDSON. The next witness is from the Penobscot Nation, Mr. Timothy Love.

STATEMENTS OF:
GOV. TIMOTHY LOVE, PENOBSCOT INDIAN NATION
SISTER HELEN MC KEOUGH

Mr. TIMOTHY LOVE. I would like to thank the committee for a chance to address you today. With me are three people to my right: Amanda Francis; Sister Helen McKeough, principal of our school; and Renee Francis. We would like to give just a summary of our statement.

My name is Timothy Love. I am the governor of the Penobscot Nation in Maine.

The present Penobscot school in Indian Island, Maine has three wooden structures for grades kindergarten and 1 through 6. These buildings were built to accommodate 56 students. In the 1980–81 school year, 97 students were enrolled; and 100 students enrolled during the 1981–82 school year; for the 1982–83 school year 114 students are projected to be enrolled. School enrollment has been growing at an annual rate of more than 8 percent. The school must accommodate more than twice the number of students for which it was designed.

The Penobscot school falls far short of meeting the minimum space requirements, and the Bureau of Indian Affairs has found that 92.6 percent of the students of Indian Island are unhoused. The Indian Island school has been ranked seventh on the list of priorities list for fiscal 1983. But the Bureau of Indian Affairs has informally indicated that funds for the planning and design of a new school will not likely be provided in the near future. If the planning and design phase is finished in a timely manner, construction could begin as early as the spring of 1983. A new school would probably cost between $3 and $4 million.

I would like at this time to allow Sister Helen to read a brief statement to explain the problems of the school.

Miss MCKEOUGH. In order to help the committee appreciate how urgently we need a new school on the Penobscot reservation, we brought with us some photographs of the school and the classrooms and other facilities which we hope you will examine.

Let me supplement this story told by these pictures with some specific examples of the problems we face in trying to provide a sound education for these youngsters.

Due to the terrible overcrowding of these wooden buildings, early childhood and kindergarten classes are held in a rented log cabin. This cabin itself has inadequate space and facilities for the children and more than 1¼ mile from the Indian Island school. The distance between the school and the log cabin requires that separate kitchen staffs provide meals for the students in the two locations, increasing the cost of the school system.

In addition, these young students are not receiving the best school experience, since they are isolated from the rest of the student body. In his letter, Mr. Latta described as well as anyone could many of the inadequacies of the Penobscot schools.

For example, the space formerly used for the library is now a classroom because of the increased enrollment. Library books are now stacked in each room. Until the addition of the sixth grade room, only one toilet for girls and one for boys was available. Two additional restrooms were added, but are still inadequate for the 100 students and staff.

The classroom addition had to be put over the kitchen and food storage area. A fire in the kitchen area would be under this room, the preparation space. The kitchen has no dishwasher, very little food preparation space. Freezer and food storage space is also inadequate. A very small, multipurpose room serves as the dining room and physical education space. Using it for breakfast and lunch reduces its availability for physical education classes. No showers, dressing areas, or spectator areas are included.

The lack of storage space and office space is also another serious handicap. Teaching materials are stored in passageways which are already too narrow to meet safety codes.

The principal's office affords no storage space, work space for a secretary, or privacy for conferences. This is true also of closet space used for special education rooms. Even with these words and pictures, I am afraid that I cannot adequately describe the inadequacies of this facility. I have been a teacher for 20 years, and I have taught under many different kinds of trying conditions, but never any to compare with these.

In our 5,511 square feet of space, we must now teach, feed, exercise, and otherwise care for 100 children. This is less space than will be used for the playing surface of the basketball court in a new school that will be built to meet Bureau of Indian Affairs standards. It is less space than the Ways and Means Committee hearing room in the Longworth Building.

Please try to mention, if you can, how impossible it is to provide a decent education for more than 100 children in that little space under those kinds of conditions.

Ms. RICHARDSON. Is this a contract school now?

Miss MCKEOUGH. Yes, as of last school year.

Ms. RICHARDSON. As you know, there is only money requested for the No. 1 priority on the list; and in order to fund this one, we have to fund all of the others in order. So, while your school would not cost a great deal, the total cost of adding up the seven schools would amount to a great deal. That would be sort of a record-setting year for the committee to fund seven schools.

Mr. TIMOTHY LOVE. May I make one point on that? We have been informed that the schools ahead of us, there are some that are not ready for construction because they are being studied. Some of the others have been funded with cost savings from other projects where they had money left over, and there is also one ahead of us that is an addition, not a new construction of a school. And it is indicated by Frank Latta of the Bureau in Albuquerque that it is possible that they would request one or two this year and we would be one of them.

Ms. RICHARDSON. Thank you.

Miss MCKEOUGH. I would like to present Renee Francis.

Ms. RICHARDSON. It will have to be quick. Your time has expired.

Ms. RENEE FRANCIS. On one side of this school building are the main roads of the reservation. There are no sidewalks, and the traffic passes within 4 feet of the school. The third side of the building is next to the cemetery, and the fourth side is next to a private residence.

The building is cold in the winter and hot in the summer. The newest part of this school is the worst. This new section used to contain a gymnasium, but shortly after this building was finished, the gymnasium's wall buckled, so we have no gym. The playground is very small, 12 feet by 35 feet. All of our playground equipment has been removed because of the many accidents and injuries occurring.

The office of the school psychologist is in a storage closet. There is no window, no ventilation, and no privacy for meetings with students and parents. The administrator and guidance counselor have similar facilities. There is no clinic space and no teachers lounge, except for a 2½-foot counter wedged between catalogs and the duplicating equipment. There is no auditorium. There are no lunchroom facilities.

Please help us build a new school.

PREPARED STATEMENT

Ms. RICHARDSON. Thank you.

We will insert your statement in the record.

[The statement follows:]

STATEMENT OF GOV. TIMOTHY LOVE

I.

Mr. Chairman and Members of the Committee:

Thank you for the opportunity to appear before you today to discuss the FY 1983 appropriations for the Bureau of Indian Affairs. The Penobscot Indian Nation is a newly recognized tribe. As you know, this recognition came only after a period of protracted litigation and extensive negotiations over the Maine Indian land claims. During the years prior to federal recognition, the tribe was without the benefit of federal programs and funding. The only source of government assistance was the State of Maine, and state assistance was minimal.

In March 1977, the Penobscots began negotiations with the state and federal governments to settle our land claims. In 1980, the State of Maine, the United States and the Penobscot Nation entered into a settlement agreement. Section 6(i) of Pub. L. No. 96-420, the Maine Indian Claims Settlement Act, provides, in part:

> "As federally recognized Indian tribes...the Penobscot Nation...shall be eligible to receive all of the financial benefits which the United States provides to Indians...to the same extent and subject to the same eligibility criteria generally applicable to other Indians...."

This provision is important to the Penobscots, because it means that for the first time we are eligible to receive the benefits of those federal programs long denied to us.

Section 6(i) does not provide for any special treatment of the Penobscots to make up for those years of neglect, and in almost no instance do we seek it. The one exception is a school for our children.

The present Penobscot school at Indian Island, Maine consists of three wooden structures serving students in kindergarten and grades one through six. One of the Indian Island school structures was built in 1900, the next in 1925, and the most recent in 1968. These buildings were built to accommodate a total of 56 students. In the 1980-81 school year 97 students were enrolled, and 100 students are enrolled during the 1981-82 school year. For the 1982-83 school year 114 students are projected to be enrolled.

Thus, school enrollment has been growing at an annual rate of more than 8%, and the school must accommodate more than twice the number of students for which it was designed.

The Penobscot school falls far short of meeting federal and state minimum pupil space requirements. In a letter dated February 3, 1982, which is appended to our statement as Exhibit A, Mr. W. Frank Latta, the Acting Chief of the Bureau of Indian Affirs School Facilities Staff, said: "None of the classrooms come close to providing the square feet per pupil recommended by the Bureau [of Indian Affairs] (60 S.F. per pupil for grades 1-4 and 30 S.F. per pupil for...grades 5-6)." As a result, the Bureau of Indian Affairs has found that 92.6% of the students on Indian Island are "unhoused," and the Indian Island School has been ranked seventh on the Bureau of Indian Affairs school construction priorities list for fiscal year 1983.

Our tribe must replace our wooden schoolhouse with one modern structure accommodating all students on the reservation in kindergarden through grade 9. Although we would like to educate our high school students on the reservation as well, we recognize that this would not be sound educational policy, and we intend to continue to pay their tuition at area high schools.

The Bureau of Indian Affairs informally has indicated that funds for the planning and design of a new school likely will be provided in the near future and the planning and design phase completed by September 1982. If the planning and design phase is completed in a timely manner, construction could begin as early as the spring of 1983. A new school will probably cost $3 to $4 million.

II.

In order to help the committee appreciate how urgently we need a new school on the Penobscot reservation, we have brought with us some photographs of the school, the classrooms and other facilities which we hope you will examine and include in the record of these hearings. Let me supplement the story told by these pictures with some specific examples of the problems we face in trying to provide a sound education for our youngsters.

Due to the terrible overcrowding of these wooden buildings, early childhood and kindergarten classes are held in a rented log cabin. This cabin itself has inadequate space and facilities for the children and is more than 1-1/4 miles from the Indian Island School. The distance between the school and the log cabin requires that separate kitchen staffs provide meals for the students in the two locations, increasing the costs of the school system. In addition, these young students are not receiving the best school experience, since they are isolated from the rest of the student body.

In his letter, Mr. Latta described as well as anyone could many of the inadequacies of the Penobscot school. For example:

- "The space formerly used for the library is now a classroom because of the increased enrollment. Library books are now stacked in each room."
- "Until the addition of the sixth grade room, only one toilet for girls and one for boys was available. Two additional restrooms were added but are still inadequate for the 100 students and staff. The classroom addition had to be put over the kitchen and food storage area. A fire in the kitchen area would be under this room. The kitchen also has no dishwasher and very little food preparation space. Freezer and food storage space is also inadequate."
- "A very small multipurpose room serves as the dining room and physical education space. Using it for breakfast and lunch reduces its availability for physical education classes. No showers, dressing rooms or spectator areas are included."
- "The lack of storage space and office space is also another serious handicap. Teaching materials are stored in passageways which are already too narrow to meet safety codes. The principal's office affords no storage space, work space for a secretary or privacy for conferences. This is true also of the closet space used for a special education room."

Even with these words and pictures, I am afraid that I cannot describe vividly enough for you the inadequacies of this facility. I have been a teacher for 20 years, and I have taught under many different kinds of trying conditions, but never any to compare with these. In our 5,511 square feet of space, we must now teach, feed, exercise and otherwise care for 100 children. That is less space than will be used for the basketball court in a new school that will meet Bureau of Indian Affairs standards. It is less space than the Ways and Means Committee hearing room in the Longworth Building. Please try to imagine, if you can, how impossible it is to provide a decent education for more than 100 young children in that little space, under those kinds of conditions.

III.

Our school building is bounded on two sides by the two main roads of the Reservation. There are no sidewalks, and the traffic passes within four feet of the school. The third side of the building is bounded by the cemetery, and the fourth side is adjacent to a private residence.

The building was constructed in three parts, all of which are poorly insulated, difficult to heat, and unbearably hot in the summer. The newest part of the school is the worst; it was built without proper space, ventilation, insulation or safety. This new section originally contained a gymnasium, but shortly after this part of the building was completed, the gymnasium walls buckled. So we have no gym.

The playground is very small with a total size of 12 ft. by 35 ft. All playground equipment had to be removed because of the many accidents and injuries occurring in the yard. The shortage of space makes the area hazardous whenever there is even a small group of children in the yard at the same time.

The office of the School Psychologist is in the storage closet for school paper supplies and audio-visual materials. There is no window, no ventilation, and no privacy for meetings with students and parents. The Administrator and Guidance Counselor have similar facilities.

There is no clinic space and no teacher's lounge, except for a 2-1/2 foot counter wedged between catalogs and the duplicating equipment.

There is no auditorium.

There are no lunchroom facilities.

Please help us build a new school.

IV.

Since passage of the Maine Indian Claims Settlement Act, the population of Indian Island has increased dramatically. The 1981 population of 1476 represents an increase of 70% over the 1970 population and a 19% increase over the 1977 population of 1243. As more members of the Penobscot Nation have returned to Indian Island, the number of school age children has increased. We expect this trend to continue, which means that our school situation probably will become even more desparate than it is now.

I appreciate the difficult budget task faced by this Committee and the Congress. There are many more worthwhile ways to spend federal dollars than there are dollars to go around. I know that the deficit must be reduced and that our nation needs a strong defense. But we have only one chance to educate each of our children, and we need to build a new school for them as quickly as humanly possible.

February 03, 1982

Sr. Helen McKeough,
Principal
Indian Island School
Indian Island, Old Town, Maine 04468

Dear Sr. Helen:

Thank you for your help in the discussions relative to the educational program of the Indian Island School. We appreciated the time and effort of all those involved in the meeting.

In the following paragraphs I will outline the inadequacies of the school facility as we observed them during the on-site visit.

The building is even more crowded now than during the first visit made to verify the application for construction. None of the classrooms come close to providing the square feet per pupil recommended by the Bureau (60 S.F. per pupil for grades 1-4 and 30 S.F. per pupil for the in grades 5-6).

The configuration of the building is such that it would be nearly impossible to evacuate in case of fire. Most rooms have only one exit into a winding hallway. This seems to be one of the most serious defects.

The lack of storage space and office space is also another serious handicap. Teaching materials are stored in passageways which are already too narrow to meet safety codes. The principal's office affords no storage space, work space for a secretary or privacy for conferences. This is true also of the closet space used for a special education room.

The space formerly used for a library is now a classroom because of the increased enrollment. Library books are now stacked in each room.

Until the addition of the sixth grade room, only one toilet for girls and one for boys was available. Two additional restrooms were added but are still inadequate for the 100 students and staff. The classroom addition had to be put over the kitchen and food storage area. A fire in the kitchen area would be under this room. The kitchen also has no dishwasher and very little food preparation space. Freezer and food storage space is also inadequate.

A very small multipurpose room serves as the dining room and physical education space. Using it for breakfast and lunch reduces its availability for physical education classes. No showers, dressing rooms or spectator areas are included. Neither is equipment storage.

The site itself is so small that perhaps a twenty foot wide yard in front of the school is all the play ground space available. The side street comes within about 4 feet of the building and a cemetery comes to within 3 feet of the rear of the facility. Another street runs in front of the school.

In spite of the overcrowded conditions and the lack of space, the school program is impressive. One wonders what might be accomplished if the staff and students had an adequate facility in which to work.

Indications are that the enrollment will continue to increase as new homes are built. The Tribe also wants to expand to the 9th grade so their children will have to make only one change when they finish junior high school. The present facility cannot accommodate additional programs or students. A new school on a new site is the only solution to the educational problem at Indian Island.

Thank you again for your help.

Sincerely,

W. Frank Latta
Acting Chief, School Facilities Staff

Ms. RICHARDSON. The next witness represents INMED, University of North Dakota, Liz Yellow Bird Demaray.

STATEMENT OF ELIZABETH YELLOW BIRD DEMARAY, ASSISTANT DIRECTOR, INMED, UNIVERSITY OF NORTH DAKOTA

Ms. DEMARAY. Thank you for this opportunity to appear before you and for your help in the past. My name is Elizabeth Yellow Bird Demaray, assistant director, Indians into medicine program, INMED, of the University of North Dakota School of Medicine. I am here on behalf of INMED and its tribally appointed advisory board to request your continued support for INMED as a line item within the Indian Health Service budget for fiscal year 1983.

Our request is for $720,000, the same funding which was provided in fiscal year 1981. However, we would remain at the decreased funding level of $200,000 for a section 102 budget allowance, which covers both operational and support services for our program. The rest is used for direct student support.

Last year we were only allowed four new students. During this current fiscal year, INMED has continued to increase its program and student support services, as requested by our advisory board, the medical school and our students. IHS indicated that INMED would be allowed to increase our student enrollment to 62 students, beginning fall semester of 1981.

We ask that the program's budget categories remain as separate line items for all sections of title I, so that INMED's total program concept in a more cost-efficient accounting process be maintained. INMED has proven that it can produce fully qualified medical school candidates and successful medical school graduates, as well as nurses and other health personnel.

Since our first medical graduate in 1976, INMED has produced 25 physicians, one therapist, one nurse, and one Master's of Public Health. Of the 12 top professionals who are now practicing medicine, 9 are working with Indian cultural background are more likely to stay and serve Indians.

Through your support and the support and cooperation we have received from the university, the Indian tribes and Indian organizations, such as the NTCA, NCAI, and NIHB, we hope to remain as a viable means to provide the quantity and quality of health services to the American Indian that all Americans deserve.

If you have any questions, I will be very happy to answer any of them.

PREPARED STATEMENT

Ms. RICHARDSON. Thank you. We are familiar with your program. Senator Burdick brings it to the attention of the committee every year, and I am sure that he will do so again. Your statement will be made a part of the record.

[The statement follows:]

STATEMENT OF ELIZABETH YELLOW BIRD DEMARAY

The Indians Into Medicine Program (INMED) serves approximately 100,000 Native Americans of twenty-two reservations in the five-state area of North Dakota, South Dakota, Nebraska, Wyoming and Montana. An all-Indian Advisory Board appointed by the Tribal Council from each reservation of the Program service area provides direction to INMED, whose operational base is the University of North Dakota School of Medicine at Grand Forks.

INMED is an Indian medical education program whose goal is to prepare well qualified Indian health professionals who will provide health care acceptable to the Indian people. To date, INMED has graduated 25 Doctors of Medicine, one Dentist, one Masters of Public Health and one Registered Nurse (B.A. degree). The Program has also assisted an additional twenty students in their placement to other medical/professional schools throughout the fifty states.

Funding for the INMED Program has come from a variety of sources. In its beginning in 1973, INMED partially operated through a grant from the National Institute of Health (HEW). Educational and supportive services for elementary, secondary, college and medical students were provided for through this funding. The Federal Office of Economic Opportunities (OEO) provided for the remainder of INMED funding. These monies provided student financial aid and supportive and administrative services for the Program.

In December 1974, the Aberdeen Area Office of the Indian Health Service (IHS) became the contracting office to administer the remaining two years of INMED grant monies from OEO. The elementary/secondary programs (no longer funded by NIH) were expanded to be included in this contract. Later, in October 1976, the provisions for administrative and student financial support for INMED were contracted with the Bureau of Indian Affairs through special appropriations from congress.

The BIA continued administrating INMED's yearly Congressional appropriations until October 1978. At that time the Bureau felt Indian Health Manpower Development would not be best served through that agency. Again INMED was without an administrative authority to manage its Legislative appropriation. However, with the enactment of the Indian Health Care Improvement Act (PL 94-437), the INMED Program (which served as a prototype for Title I, Sections 102-105) was qualified to "fit" within the Act's legislative perview. INMED has operated through the auspices of PL 94-437 and its administrative authority, the Indian Health Service, since that time.

INMED's struggle for existance has been an annual occurance. Since 1976, INMED has been able to continue as a successful, self-contained educational support system only by the strong support and faith Congress has had in the Program. In 1980, for the first time in its existance, INMED was included in the IHS budget for that operating year (FY 81). We were also a line item in the IHS FY 82 budget but at a much reduced sum for administrative costs. Additionally, the scholarships monies are no longer controlled by the Program but rather approved in the Scholarship Office of IHS. As a result of the shift in control, INMED's IHS project office allowed us only four new students for fall 1981 entry under the FY 81* budget. Although we requested six times that many student starts. INMED could have handled the additional numbers with existing staff and Program resources - should they have received scholarships.
The Program, through its successful track record, finally warranted becoming incorporated within the purpose and structure of an agency whose reason for existing coincides with INMED.

Future budget planning for federal agencies is now being considered. The new Administration is looking at government spending, programs and, indeed, the intent and purpose of the role of the federal government. Health Manpower Development is one of the areas under scrutiny. This means that the continuation of INMED is again being jeopardized due to the uncertainty of the legislative future of PL 94-437 and its authority to provide health manpower training programs and scholarships.

INMED now asks the continued support of Congress to assist the Program in seeking alternative routes to enable the continuation of one of the very few avenues by which Indian health care delivery can be so successfully impacted. INMED has proved to be successful and cost-beneficial in its attempt to fulfill the Program's goal and the needs of the Indian people. Administratively, INMED has kept its Program costs below 30 percent of the total Program budget.* The remaining 70 percentage of the budget is programmed for functions orientated toward direct services for the students of INMED. INMED's cost for educating one physician is well below the national average cost of $100,000 as estimated by various medical schools, and medical organizations. The Program's annual student retention rate has been maintained at 80 percent or better and as previously mentioned, twenty-eight health professionals have thus far graduated through the direct support of INMED. Thirteen of these students are still in residency - all but three of the rest are working for or have worked for projects funded by Indian Health Service. In addition, thirty-six students who were once with the Program continued to pursue health related fields, hopefully as a result of INMED's encouragement and support.

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* The Program year runs administratively from March 1 to February 28, thus we are on FY 81 monies until March 1 when we start on FY 82 monies. The student scholarships cycle goes from Aug. 1 to July 31, and are currently on FY 81 funds.

The need for programs such as INMED remains to be as critical as it did in 1970 when the necessity for minority health professionals became apparent. The Aberdeen Area of IHS is 27 percent below in the number of doctors needed to adequately provide services to the Indian population of that area. In one year some reservations have experienced a turnover of over 200 physicians. The reasons for physicians cancelling their assignments ranged from "someone kicked my dog" to the lack of understanding of Indian culture. Another reasoning was the frightening reality of being the only "Doc" in an isolated medical setting with little or no auxillary staff or adequate or updated facilities and equipment to provide the decent health care that all people deserve and that Indians have been guaranteed by their special treaty status. The GMENAC Report, which predicts there may be an over supply of physicians for the general population by the year 2000, also reports that reservations and rural and inner city areas will continue to experience doctor shortages.

The special relationship existing between the federal government and Indian tribes, and the "trust" responsibilities that Congress has pledged, provides for health services to the Native American peoples. INMED is asking to be a vehicle by which this responsibility can be fulfilled. (See Tab C) The alternatives may include: (1) special appropriation to be added as a line-item to the budget of BIA or IHS: (2) the inclusion of INMED within the regular budget of BIA or IHS as part of their regular program implementation; and/or (3) "Block Grants" to the twenty-two tribes represented by INMED, via the University of North Dakota. This direct appropriation is necessary in order to protect the five first-year positions for Medical School offered annually to INMED students by the University of North Dakota School of Medicine; (4) approaching private funding sources to supplement educational costs. However, assistance from this sector has been sought and is only granted for one year, usually. We have made budget cuts as noted in Tab C. However, it is not cost-effective to eliminate completely a program serving the needs for which it was designed, especially when those needs still exist; (5) Supplemental scholarship aid via state funding is being applied for. This provides funding for perhaps a few students per year; (6) develop a big marketing campaign to sell INMED publications which would be turned back into the Program budget. However, federal regulations prohibit making a profit on such publications at the present time.

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* Title I, Section 102 of PL 94-437

With the commitment and support displayed by Congress, the University and the Indian people who, ultimately will be the beneficiaries, INMED is confident that Congress will help find alternatives to assist INMED and its continued efforts to provide the caliber of health care that is acceptable to the Indian people.

Ms. RICHARDSON. National Association of Community Health Representatives. Ms. White?

STATEMENT OF ADA WHITE, NATIONAL ASSOCIATION OF COMMUNITY HEALTH REPRESENTATIVES, INC.

Ms. WHITE. I am a member of the Crow Tribe from the State of Montana. I am here today speaking on behalf of the National CHR Association. The National CHR Association was organized to represent the interest and promote those common concerns of community health representatives. Now, the track record for the community health representative program has been established during the past 13 years. The CHR program started in 1969, and since then has grown in response to the needs and the concerns expressed by Indian communities across the country and in Alaska.

Currently we are looking at a funding reduction level of 21 percent for this year. What this means is that approximately 30 positions from each area will be cut out. Now, what we are requesting from you today is for the Senate, or Congress, to explore the rationale behind the fund reduction for 1982 and the elimination of the program for fiscal year 1983. We know, as stated by the former director of Indian Health Services, Dr. Emery Johnson, that those conditions which existed on the reservation that justified and supported that need for CHR services are currently in existence and have not been eliminated.

Diseases which had been cut out from the general population continue to ravish Indian reservations. As an example, last Friday the little town of Crow Agency, Mont., had a contaminated water supply. What did that mean? Immediately CHR's had to run from house to house and request that water be boiled. Certainly, for a country the size of the United States, with the international stature of the United States, for witnesses to come forth and to say that diseases and health conditions which plague third world countries can still be found on Indian reservations—that is certainly a national disgrace.

What we are requesting of the august body, this Senate, and Congress, is that the CHR program services, which are direct services to Indian patients, be appropriately classified and given due recognition. More specifically, we are not just a liaison program. Liaison means interpreting, means assisting, means hands-on approach.

No. 2, CHR programs throughout the country cannot survive, nor can they be managed, by any more additional fund reductions.

Three, Indian Health Service be requested to reinstitute a national reporting system for CHR programs. The contract for the national reporting system was canceled in December 1981, without due consultation with appropriate tribal people involved in CHR programs. We know that this reporting system was established by representatives, Indian representatives, throughout the country, and Indian Health Service, in 1975, so that a data base can be developed and become accountable to Congress for those appropriations of funds.

We are also looking at the fact that in January 1981 Senate Report No. 96–363, we understand, was shelved. We would like to find out what happened to the report, and at what point in the bureaucracy was it stopped. We believe that this report adequately provided the background description, program cost-effectiveness, and justification, and was stopped along the way.

And certainly, we do appreciate being given the time, the attention, and, hopefully, our position is presented effectively enough so that those needs for health services on Indian reservations that are not met by Indian Health Service, the State, or the county, be addressed. Thank you very much.

Ms. RICHARDSON. Thank you. We have already had some indication that Senator Stevens, at least, will be supporting some restoration of funds, and I am sure other subcommittee members will be interested, also.

Ms. WHITE. Thank you.

Ms. RICHARDSON. Mr. Carl Waln of the Rosebud Sioux Tribe.

STATEMENT OF CARL WALN, PRESIDENT, ROSEBUD SIOUX TRIBE

ACCOMPANIED BY DR. CLARK MARQUART, MEDICAL DIRECTOR, INDIAN HEALTH MANAGEMENT, INC.

PREPARED STATEMENT

Mr. WALN. I am the president of the Rosebud Sioux Tribe. I am here today to testify on vital matters related to the construction of a replacement Indian Health Service hospital on the Rosebud Indian Reservation in South Dakota.

With me is Dr. Clark Marquart, medical director of Indian Health Management, Inc., a nonprofit organization providing outpatient services on the Rosebud Reservation.

I would like to summarize my verbal testimony to allow time for questions.

Ms. RICHARDSON. It will be put in the record.

[The statement follows:]

STATEMENT OF CARL WALN

My name is Carl Waln, and I am President of the Rosebud Sioux Tribe. I am here today to testify on vital matters related to new construction of a replacement Indian Health Service hospital on the Rosebud Reservation, in South Dakota.

Accompany me, is Dr. Clark Marquart, the Medical Director of Indian Health Management, Incorporated, a non-profit organization providing outpatient services on the Reservation. Dr. Marquart has provided consultation to the Tribe in health-related matters, and is substantially experienced in Indian health care. He will be happy to assist in responding to questions from the Committee.

The present Indian health Service facility at Rosebud is outdated, unsafe, and has long been on a prioritized list of IHS hospitals needing replacement. The Rosebud Sioux people have exceptionally high rates of morbidity and mortality, compared with the rest of the United States, and the rest of the Indian Health Service. The Tribal Council has appropriately passed a resolution naming health as its number one priority.

While it is well known that the Indian Health Service as a whole has demonstrated a favorable impact on the health of Native Americans, it is also clear that limited resources has made minimally adequate care impossible in many areas.

In the case of the Rosebud Sioux, statistical measures of health status have been worsening, rather than improving over recent years. At the same time, we have experienced a tremendous decline in available hospital services, as well as jeopardized quality.

The present facility originally contained 52 inpatient beds, but through partial condemnation in 1978, its capacity since has been only 29 beds. Loss of services, such as surgery, lack of blood for transfusion, at times lack of routine obstetrical delivery ability, and frustration at having to deny needed care for lack of contract care funds, have contributed to the serious problem of recruiting and retaining physicians.

Our people used to resent the fact that their doctors stayed only a year or two, then left. We have now reached the point where the hospital is utilizing over 100 physicians per year, most staying a week or two. A new facility, with a return to adequate capacity, and coupled with adequate services, would do much to promote recruitment and retention of professionals to the area.

Ten years ago, the Indian Health Service prepared specifications for a replacement hospital facility to be built at Rosebud. A Masterplan following these specifications was completed in 1973. Unfortunately, the much needed facility was never built, as construction funds were not appropriated.

Currently, the whole process has begun again. Congress has appropriated $1.3 million for a new Planning and Design phase of a replacement hospital. The Rosebud Sioux Tribe has passed a resolution stating their intent to contract under PL 93-638 with the Indian Health Service for the production of the study. However, another completed plan will do the Rosebud Sioux people no good, if it is not followed by construction of the facility.

It is recognized that the Federal government is practicing fiscal restraints, attempting to eliminate waste, and reducing non-essential services. But the request the Rosebud Sioux Tribe brings to this Committee today are urgent and critical to our people in terms of dignity, quality of life, and life itself.

We have experienced an increasing population, in the face of markedly decreased health services. A group with documented exceedingly high morbidity and mortality, can poorly tolerate the lack of comprehensive and responsive health care system. Such a situation, as we are in today, offers little hope of ever raising the health status of our people to the level enjoyed by other Americans. Further delays can only prolong the inadequately available health care services for our people.

Our people are dependant on the Indian Health Service for hospitalized care. The Indian Health Service is, in turn, dependant upon Congressional Appropriations to enable them to correct deficiencies which IHS has clearly identified,documented, and prioritized. Our Service Unit deficiency has long since been documented as high priority. Each year in passing without action has proven to magnify the problem.

As President of the Rosebud Sioux Tribe, and on behalf of the Tribal Council and Tribal members, I therefore make the following three requests to this Committee.

Number 1: We are requesting the immediate release of the $1.3 million already appropriated for the purpose of conducting the Planning and Design phase of the new facility.

Number 2: We are requesting the appropriation and release of Phase I construction funds during Fiscal Year 83, which would finally allow construction to begin approximately ten years behind schedule. We realize that it may be unusual to request construction funds before completion of design, but to wait for these hearings next year would delay construction another year.

Number 3: We are requesting that a Task Force be authorized and funded to meet the immediate need of improving recruitment and retention of professional staff in the Aberdeen Area of the Indian Health Service. Recent Area Office practices and approaches should be reviewed, as well as the considerable number of suggested solutions appearing in IHS and Congressional documents. The situation has been worsening, and Task Force recommendations should be promptly acted upon.

In closing, I would like to thank the Committee and the Chairman for this opportunity to revoice the critical nature of the replacement hospital. In the interest of conserving the Committee members' time, I would like to have inserted in the record some additional brief testimony that further describes the situation. This concludes my remarks, and we are open to questions, if you have any.

Mr. WALN. We have two requests. We are requesting the appropriation and release of phase one construction funds during fiscal year 1983, which would finally allow construction to begin, approximately 10 years behind schedule.

We realize that it may be unusual to request construction funds before completion of design, but to wait for these hearings next year would delay construction another year.

The second request we have is that a task force be authorized and funded to meet the immediate need of improving recruitment and retention of professional staff in the Aberdeen area of Indian Health Service. Recent area office practices and approaches should be reviewed, as well as the considerable number of suggested solutions appearing in IHS and congressional documents. The situation has been worsening, and a task force recommendation should be promptly acted upon.

I would like to ask for questions.

Ms. RICHARDSON. One of the major problem with recruitment has been the elimination of the doctor draft. If the draft came back, we probably would not have any problem in the PHS hospitals. As you know, there is no request for any construction funds in the health service budget. We have three hospitals presently funded for planning and design. It has been the committee's practice over the past years to try to maintain a reasonable construction schedule. The problem this year, of course, is the same one everyone faces with money. There will have to be some juggling.

I am not sure that the committee will be able to add on money for all of the hospitals and all of the CHR's and all the urban health programs, without trying to find some savings in some other places. But we do realize that there are three hospitals out there that some work is being done on, and which have been scheduled for a number of years.

Dr. MARQUART. I had worked within the facility some 6 or 7 years ago at Rosebud, and have returned now. The situation there is really quite serious. In that interval between the first completed master plan in 1973 for the new facility, part of the old facility has now been condemned as far as inpatient care goes, decreasing the number of beds from 52 to 29.

The second portion of the testimony related to special problems with recruitment, retention of physicians. It is likewise more severe at Rosebud than some other places, there being over 100 physicians rotated through that hospital within——

Ms. RICHARDSON. It is partly the facilities and the conditions under which they have to work.

Mr. MARQUART. It is a good part of the problem. It is not the entire problem. Congress has received testimony prior to this, concerning other reasons and other possible solutions to that problem.

Ms. RICHARDSON. Thank you very much.

Mr. WALN. Thank you.

Ms. RICHARDSON. Is Chairman MacDonald here, of the Navajo Nation?

STATEMENT OF FRANK E. PAUL, VICE CHAIRMAN, COUNCIL, NAVAJO NATION

ACCOMPANIED BY JOHNNY THOMPSON, MEMBER, TRIBAL COUNCIL

Mr. PAUL. Good morning. My name is Frank E. Paul. I am vice chairman of the Navajo Nation from the State of Arizona. My testimony is addressed to the chairman of the committee.

Before I begin, I would like to introduce Mr. Johnny Thompson. He is one of the members of the tribal council, and is serving in key committees of the council. He is here with me. He will have a summary to present and submit written testimony.

Before I begin my testimony, I would like to briefly comment on the remarks of President Ronald Reagan that were delivered yesterday to the Organization of the American States. In announcing his proposed Caribbean basin aid program, President Reagan reasserted the principle of self-determination based upon the private-sector economy, in which he stated:

> We all seek to insure that the peoples of this area have the right to preserve their own national entities, to improve their economic lot, and to develop their political institutions to suit their own unique social and historical needs.

We agree with these propositions. We know that we should practice at home what we preach abroad. We call for domestic Caribbean basin aid program for native Americans, the Indian people here, in our own

States, so that we, too, can achieve these noble goals on which U.S. foreign policy is predicated.

And now to the prepared statement. I would like to highlight, since we have limited time.

Ms. RICHARDSON. Please do.

Mr. PAUL. The Navajo Nation is deeply appreciative of the fact that we have an opportunity to present our testimony before the committee with respect to the proposed fiscal year 1983 Federal budget for native Americans.

One year ago, we looked forward with high hopes and enthusiasm to support of the program for economic recovery promised by the incoming administration. And less than a year later, we were only to be disappointed in the Federal budgets, with the cuts, and our unemployment, which was at the lowest level at that time down to 38 percent of the labor force which numbered 83,000 people, to rise up to 75 percent.

This has become a very grave concern to us. Also, the Navajo Tribe's effort to become self-sufficient in our economy, with funds from EDA, Division of Labor, and other programs, have also been cut, and in fiscal year 1983 pictures do not look promising, and we would like to let it be known that, in pleading with this committee and all those who have anything to do with appropriations, that our views should be considered after all we went through to become a contributing member of this great society of ours, too. And we can only do that by not having cuts.

The BIA, as you have heard, has announced widespread plans to close down some schools, approximately one-third of the 68 schools. This is not a very bright picture. And in addition, one-third of our 10,000 applicants for scholarship programs—and that also means a mass return of the—of our greatest resources, to just return to reservation, to find rescue and try to look for jobs.

PREPARED STATEMENT

I will submit this prepared statement for the committee's information.

Ms. RICHARDSON. It will be printed in the record in full.

[The statements follow:]

STATEMENT OF FRANK E. PAUL

Mr. Chairman and Members of the Subcommittee, I deeply appreciate this opportunity to describe some of the concerns of the Navajo Nation with respect to the proposed FY 1983 Federal budget for Native Americans.

One year ago, The Navajo Nation looked forward with hope, enthusiasm and support to the Program for Economic Recovery promised by the incoming Administration. We understood this would entail some hardships - our people are familiar with hardship - however, we anticipated that this would be shared equitably by all Americans.

The programs for economic recovery implemented by this Administration, however, appear to be tailored only for an industrialized society on a nationwide basis. For this reason, its impact has a very special intensity and results in disproportionate hardship for the Navajo, a people in transition.

The worst economic damage has been done by crippling or eliminating many programs, through which the Navajo Tribe was progressing toward its charted goal of self-determination and creation of an economy predicated on a viable private sector. The Navajo was only beginning to develop business sites, commercial and residential construction projects which would provide the infrastructure and employment opportunities.

For this reason programs which are being implemented to provide the basis for economic recovery on a nationwide level, are having the following adverse effects on prospects for economic self-determination for the Navajo people:

* Unemployment has soared from the already unhealthy level of 38% one year ago, to a staggering 75% of the present Navajo labor force, and with the elimination of job and skills training, is projected to continue this upward climb. Navajo contractors cannot yet obtain bonding for construction projects on the reservation because this trust land cannot be encumbered for security; yet there is no assistance offered by the Federal government as trustee as an alternative for contractor bonding requirements.

* BIA has announced widespread plans to close down its schools. In addition, more than a third of our young people will be unable to return to college because of the lack of scholarship funds - a tragic loss of investment in our most precious resource - our youth.

* While the Administration's 1983 budget drastically reduces private sector (Title VII) funding by 70% nationwide, no provision whatever is made for economic development programs on the Navajo reservation, which are essential to establish a private economic sector, and to provide employment opportunities as the basis for economic self-determination. Without this opportunity, our people must leave the reservation to seek employment to enable them to support themselves and their families. This sad state of affairs means that our unemployment rates will decline only by the loss of the very manpower and womanpower we need to create a private sector economy on our reservation!

For the Navajo people, these "economic cures" offered by the "New Federalism" are certainly illusory - and unless this trend is immediately reversed, can only result in the ultimate broken dream - their loss of any choice for self-determination.

CETA job-training programs, for example, have been 75% eliminated; FY 1983 program funding has been slashed to only $35 million on a nationwide basis - when only two years ago, nearly $50 million was being utilized for this essential training and employment for Navajo people alone! Now, there are only dwindling "left-over" funds to support these programs and future training will eliminate participation by Navajos finding it necessary to seek employment off the reservation.

The "Catch 22" result will be to encourage these people to return to the reservation to be eligible for these training programs, only to leave again because no local private sector exists there to utilize the skills they have gained!

While these figures provide some indication of the disproportionate economic hardships being suffered by the Navajo Nation from the drastic reductions in nationwide program funding, still they do not convey the full impacts.

Pursuant to the text of the FY 1983 budget, the major theme of the ""New Federalism"" is the proposition that "the Federal Government's role in the marketplace should be one of creating incentives for growth and opportunity."

Moreover, the very purpose for transferring the responsibility for implementing these programs to the local level is to promote the goal of self-determination, by which local communities can best identify and address their particular needs at the level where they exist.

But how can these goals be realized in communities where such a local "economic marketplace" does not yet exist?

These goals can only be accomplished by direct funding of programs which are tailored to first provide the assistance needed to establish a private sector economy which in turn will be capable of assuming these responsibilities.

Specific funding levels needed for these priority programs are now being finalized and will be submitted by March 15.

Because the Administration's budget fails to fulfill the need for immediate short-term programs necessary to develop a private sector economy where none is yet capable of implementing this ""New Federalism"", such essential programs have to be funded by other means.

And yet the 1983 budget decreases such alternative funding as DOLs Native American projects by 75% - withdrawing an additional $53 million which would otherwise be available to alleviate the loss of national program funding!

This will, in turn, leave only Tribal funds as the remaining alternative source to make up these deficits, in the absence of a private economic sector. Such funds will of course have to be diverted from the other essential Tribal programs they are presently providing, adding further to the full picture of human deprivation resulting from the withdrawal of Federal funds from presently budgeted programs.

It is apparent, therefore, that by failing to provide this assistance, the present budget contradicts its stated purpose for the Navajo, who are deprived of any realistic incentive or hope for economic growth or opportunity.

The following are some specific examples of actual impacts being felt on the human level, which are painful beyond anything expected or intended:

The 1983 budget totally deletes funding for the Water and Sanitation portion of the Indian Health Service budget. Because the IHS sanitation facilities construction program on the Navajo Reservation is coordinated with other Federal Housing programs, (i.e. HUD, BIA/HIP, FmHA) this 1983 budget deletion will have far reaching impacts on the Indian Housing Program which presently has many homes under design and construction; 700-800 homes will not be served. An additional 500 units in the FY 82 HUD Housing Allocation that are proposed by the Indian Housing Program will be cancelled or severely reduced due to lack of sanitation facilities. 200-300 more BIA, and privately constructed homes presently under construction will be deprived of essential water and sewer services.

It is estimated that more than $100 million will be required to complete needed water and sewer facilities for about 10,000 homes on the Navajo Reservation.

These and other cutbacks in Health Service programs will cause a decline in the health status of the Navajo people, and all Indian people nationwide. The proposed 1983 budget proposes an additional cut of $33,517,000 for all Indian Health Services.

The Navajo Nation presently has over 18,000 substandard housing units of which 12,250 require immediate repairs and another 6,000 require immediate replacement.

Thus, a total of 22,000 Navajo families are in desperate need of housing assistance. To meet these essential needs, an additional $423,500,000 would be required!

This situation makes the effect of the nationwide one-third decrease in HUD's housing program funding much greater on the Navajo people.

Under the proposed cutbacks, there will be no new development of livestock water wells, storage tank construction. Stock waterline extensions in the rural water shortage areas and the hardships of already critical water needs will be prolonged to the point of stark disaster if drought conditions prevail. The main hope for averting such disaster is Indian eligibility for block grants passed directly to the Tribe, by acts of Congress.

The Navajo resource programs are dependent on tribal monies, with some programs supplemented by federal grants. Resource programs will be seriously deprived of tribal funds which will have to be diverted to supplement reductions in other federally-funded programs.

The experience of the Navajo Tribe's Judicial Branch with Self-Determination Act funding is that the FY 1982 allocation of the Bureau of Indian Affairs of $85,000 was only 8.5% of the total court need, with the Navajo Nation providing 91.5% of acutual funding requirements.

The 4.2% allocation of the budget for law enforcement has been woefully inadequate to fulfill the President's campaign promise of September 30, 1980:

> "If the Tribal Justice systems are deficient in their abilities to protect rights and property and to administer justice, the government should assist them in carrying out their responsibilities fairly and reasonably."

Moreover, the 10% budget cut in the Tribe's Law Enforcement and Prosecution Department programs appear to have been directed toward essential field level operations, which will result in the greatest loss of direct services.

Another major concern of the Navajo people is that, under the concept of the "new federalism" distributing federal assistance through state and municipal bodies, not only will the Navajo Tribe's share of these funds be diminished "at the end of the line"; moreover, they will be deprived of the goal of locally determining the most appropriate application of these funds to their local needs.

State endeavor to require the Navajo tribe to surrender their sovereign immunity as a prerequisite to distributing federal funds, where the federal government requires no such servility; state legislatures are less responsive to Indian needs because of their lack of understanding of the unique problems; municipalities understandably are motivated to first alleviate the effects of their own funding cutbacks.

While the Navajo reservation extends into three states, and across several counties in the State of Arizona, past experience has clearly demonstrated that multi-channeling of funding has diminished, not enhanced the receipt of the Tribe's share of funding. Not only are "indirect costs" and conflicting administrative requirements multiplied, but often the Tribe is "referred to the other guy" in an unfulfilled quest for needed assistance.

It is plain to see that unless continued direct funding assistance is provided for Tribal programs needed to establish an economic basis for programs in these areas, there can be no real transfer of these responsibilities - rather they will be responsibilities that have been forever abrogated.

In the words of Navajo Chairman Peter MacDonald:

> "This is not an appeal for a simple restoration of old programs; it is a petition to find a new way to shape a future in which the Navajo people can take their rightful place creating, fashioning, shaping, contributing to and sharing in the Americna dream: economic self-sufficiency on the Navajo reservation."

STATEMENT OF THE NAVAJO NATION

Since creation of the Indian Health Service in 1955, great strides have been made in improving the health status of American Indians and Alaskan Natives. With passage of the Indian Health Care Improvement Act of 1976 we had great expectations that the federal government would commit the resources necessary to further upgrade Indian health status to that of the general U. S. population. Unfortunately, funds under the Act have been appropriated at less than half the authorized levels.

In FY 1982, for the first time in its history, IHS funding was reduced. For FY 1983, the President proposes to slash an additional $33,917,000 from the IHS budget. Two successive major budget cuts and inflation which rages at close to 15% in the health care sector will force IHS to eliminate major portions of the safety net of essential health services currently available to Indian people. Elimination of these services will result in needless loss of life and increases in the rates of many illnesses.

Of particular concern to the Navajo Nation are the President's proposals to eliminate the Community Health Representative program, including Emergency Medical Services, to cut out all funding for new water and sanitation projects, to terminate funding for construction, modernization and repair of health facilities and to defund all urban Indian health projects. If these proposals are carried out, the health of American Indians will suffer greatly.

Elimination of the CHR program would leave the Navajo Nation without any effective community and home health program. Our old people, the repositories of traditional knowlegde and wisdom, would bear the brunt of the consequences of this cold-hearted proposal. The extensive Emergency Medical Services program, which is funded under the CHR program, would be totally wiped out, leaving an area the size of West Virginia without any ambulance service. It would be unconscionable for Congress to allow this to happen.

Continuation of the IHS facilities program is also critically important. Under this program IHS provides water and sanitation facilities for various federally funded housing programs on the Navajo Reservation. Currently, 1,000-2,000 new units are planned or under construction. Unless Congress appropriates the necessary funds, these units will sit vacant for lack of water and sanitation facilities. In addition, over 10,000 existing Navajo homes lack these basic amenities. The IHS water and sanitation program has had a major impact on the health of Indian people through reducing the incidence of diseases related to personal hygiene. Elimination of this cost-efficient program would be extremely short-sighted.

Funds for facilities construction, modernization and repair are urgent. The Crownpoint, N. M. hospital was rated as the most critically needed replacement hospital in the entire IHS system. Planning and design funds have already been appropriated and construction funds are necessary for FY 1983. Accreditation of the Shiprock hospital is jeopardized unless funds are appropriated for modernization and repair.

In Chinle a modern 60-bed hospital nears completion, but unless Congress makes provision for housing and adequate staffing it will sit largely vacant, possibly for years. Lack of staff housing may also delay operation of the new Inscription House clinic, which is scheduled to open in 1983.

I strongly support continuation of funding for urban Indian health programs. Under the Synder Act, the federal government has responsibility for all American Indians, not only those living on reservations. Further, many Indians have been forced by depressed economic conditions on reservations to migrate to the cities in search of employment. They usually maintain strong ties to the reservation and frequently are ineligible for or lack access to other sources of subsidized health care.

Three other issues of concern to the Navajo Tribe need to be addressed. These are tribal eligibility for block grants, equity of funding among areas served by the IHS and contract health care.

This past year the Reagan administration proposed a series of block grants to the States. Recognizing the special historical Federal-Tribal relationship, Indian Tribes nationwide were greatly concerned that they were completely excluded from the block grant programs. After an extensive public relations campaign, the language was changed to make Tribes eligible for the block grant programs administered primarily by the Department of Health and Human Services. The Department was responsive to having Indian Tribes be eligible for these grants and to maintain the special Federal-Tribal relationship. However, the Office of Management and Budget recommended against Indian eligibility. The promulgated rules and regulations that were issued by the Secretary of Health and Human Services for all practical purposes eliminated Indian participation in the block grant programs by stipulating that an Indian tribe was only eligible if it had previously received direct categorical funding from the Secretary. It is my sincere hope that Congress and OMB will reconsider the issue of Indian eligibility for block grants already passed and for inclusion in any future block grant programs proposed by the Administration.

The issue of equity of funding of all Indian Health Service Areas surfaced as a problem in the last couple of years since the Rincon court decision. The Navajo Area Indian Health Service has cut its services to the absolute minimum across the board and cannot absorb any more budget cuts without actually closing down hospitals or clinics and/or denying vital health services. I want to point out to you that the Navajo Area Indian Health Service provides 20% of all outpatient visits, 22% of all inpatient hospital days, and 35% of all obstetrical deliveries nationwide for the Indian Health Service. However, the Navajo Area Indian Health Service receives only 13% of the IHS budget. An additional example regards alcoholism, which is the leading health problem on the Navajo Reservation. The Navajo population represents 17.5% of the national Indian population but the Navajo Area receives only 9.5% of the budget for Alcoholism treatment services. Inequities of this magnitude must be corrected.

A critical need exists for additional contract health care funds. I am especially concerned about organizations such as the Navajo Nation Health Foundation, Presbyterian Medical Services and the Utah Navajo Development Council, which provide basic health care in areas not served by the IHS. Inadequate funding from IHS and inflation have seriously effected these programs.

To summarize, I would like to state that historically American Indians and Alaskan Natives have been drastically underserved in the area of health care compared to the rest of the American people. With the passage of the Indian Health Care Improvement Act of 1976 a hope was provided by Congress that sufficient resources would be appropriated so that the health status of the Indian people would be raised and improved to the level of the general U. S. population. This hope is being dashed. Following the budget cuts made in FY 1982, implementation of the Administration's proposal for FY 1983 would force IHS to dismantle major portions of the health care system for Indian people. Gaping holes would be left in the "safety net" of essential health care services. I urge Congress to restore funding to those Indian health programs slated for elimination by the Administration, to mandate tribal eligibility for all block grants administered by the Department of Health and Human Services, to monitor equity of funding by IHS among the Areas it serves and to increase funds for contract health care programs. In this was Congress can meaningfully affirm its commitment to maintain the special trust relationship of the federal government to Indian tribes embodied in the U. S. Constitution.

Ms. RICHARDSON. Do you wish to make a comment?

Mr. THOMPSON. I do not want to duplicate what Vice Chairman Paul has said, but I would like to say that there are three things that we have in our Indian country. No. 1 is the unemployment, No. 2 is the cutting down on the services to our people back home, and also the services among our various assistances for tribal government. So to highlight it, we would plead for the increase of jobs, put a floor on the level of services, as well as to place a floor under our tribal government—meaning that these are the essential reasons why we need funds to continue our operations.

Thank you very much.

Ms. RICHARDSON. Thank you.

Mr. PAUL. I would like to take just a moment to present this to you.

You have copies of it, and we have copies for members of the committee. It is a prepared document entitled "A Matter of Life," which is a report of the Navajo Nation to the President, the Congress, and the people of the United States, prepared January 1982. Inside is a booklet containing the economic recovery on the Navajo Reservation as proposed, and this is from my view, from our reservation, and I hope that the committee will take the time to review it.

Ms. RICHARDSON. It will be made available to the committee members.

Ms. RICHARDSON. The Pueblo of Sandia. Mr. Montoya.

STATEMENT OF GEORGE MONTOYA, GOVERNOR OF THE PUEBLO OF SANDIA

ACCOMPANIED BY PATRICK BACA, ADMINISTRATIVE MANAGER, PUEBLO OF SANDIA, ALBUQUERQUE, N. MEX.

Mr. BACA. We appreciate the opportunity to be here. To my right is Governor Montoya. We represent the Pueblo of Sandia.

My name is Patrick Baca. I have been the administrative manager for the Pueblo of Sandia since 1979.

You might remember that our village and reservation is located close to Albuquerque, N. Mex., which is one of the largest so-called Sun Belt cities in the Southwest. Because of our location we have a number of inquiries from both private sector concerns as well as individuals for developing the tribe's finite resources, which are land for agriculture and commercial development, and our rich sand and gravel reserves.

I have taken the liberty of including as an attachment to our statement a registry of business concerns that have contacted the tribe for different development proposals as well as business plans which—two of which are of agricultural concerns.

I might add that the tribe was able to put this together with the assistance of this committee, beginning in 1981 and continuing into 1982.

We are here to request an appropriation of $1.6 million for the purposes of concrete lining 41.5 miles of farm laterals. The benefits that we expect from this are to assist the two business—agricultural business programs that we have, and also to insure very good use of the water as well as productivity.

We feel that it falls right with the Bureau of Indian Affairs' intention to look at small business projects which promise a quick return on investment. So our businesses are already being planned; we need an infrastructure to create that.

One other comment I would like to make rests on the new initiatives that are coming out from the Bureau of Indian Affairs, to provide tribal management flexibility, which is what we have been able to use in order to get to this point.

The consolidated tribal government program, the economic development initiatives program, seem to be providing Sandia with a problem, in finding its space for 1983 funding, which was recreated in 1981 and 1982.

Ms. RICHARDSON. Are you participating in the consolidated block grant this year?

Mr. BACA. We asked to participate, but we were told that we were not eligible because we did not have in place a financial management system, which was required.

I'm in the process of initiating that, and hopefully it will be in place by 1983.

However, we have a problem in finding our base, in order to continue these initiatives that we have started and work toward self-sufficiency through 1983 and 1984.

Those are basically our concerns. We appreciate the time to be here.

PREPARED STATEMENT

Ms. RICHARDSON. Thank you. We will insert your statement in the record.

[The statement follows:]

Statement of Patrick Baca

Mr. Chairman, we appreciate the opportunity to be here today. With me is our Governor, George Montoya. My name is Patrick Baca. I have been Administrative Manager of Sandia Pueblo since 1979. Our tribe, with some 300 members, is one of the smaller of New Mexico's 19 Pueblos, with our 22,000 acre reservation located immediately adjacent to Albuquerque, New Mexico, one of the fastest growing of the so-called Sunbelt cities. Because of our location, Sandia receives constant inquiry from private sector concerns and individuals suggesting business arrangements for development of our finite resources, which are primarily the land for agriculture or commercial ventures, and our high quality sand and gravel reserves. For example, the attached registry of recent business overtures describes ventures, most of which could be contained within the Proposed Commercial/Industrial Area, depicted on this map. Given this profile, since 1980 Sandia has been pursuing an independent course of management and technical capacity building designed to provide Tribal Council with our own internal assessments of most feasible for-profit business ventures. (Attached to this statement are excerpts from three business plans which currently appear to offer greatest feasibility for our tribe. They are (1) a Nursery and Tree Farm Joint Venture, (2) a Retail and Wholesale Vegetable Farm Tribal Enterprise, and (3) Sand and Gravel Joint Venture Company.) Sandia is grateful for the assistance this Subcommittee has provided us in fiscal years 1981 and into 1982, without which these economic, self-sufficiency efforts could not have been initiated. This has been necessary due to the funding inequity problem which smaller tribes, particularly those of multi-tribal agencies (as is Sandia), incur from the Bureau's allocation of self-determination funds.

We are here to request an appropriation of $1.6 million under the Irrigation Systems Activity for purposes of lining 41.5 miles of farm laterals, which would (1) serve to increase productivity of individual farms through reducing by an estimated 20 per cent irrigation water supply currently lost through seepage, and, (2) by serving to increase both yield from the proposed agricultural ventures mentioned above, while also increasing the asset value of the 50 to 500 acres of land proposed for cultivation by these business plans. Our fiscal year 1981 statement to this Subcommittee endorsed the appropriation request for irrigation construction at the various Pueblos which we understood was part of the All Indian Pueblo Council testimony. At that time, we were informed by the Southern Pueblos Agency BIA that the cost of constructing the 41.5 miles was $1.4 million. We believe this request to be compatible with the FY 1983 Budget Justification narrative supporting the $16.1 million Irrigation Construction line item. At page six that narrative reads "...and a total of $10.0 million for small projects which promise a quick return on investment..." (Affixed as Attachment C to this statement is a BIA Memorandum dating to 1968, recommending such construction based on economic reasoning.)

We would also like to comment on the other areas of the FY 1983 request most directly affecting our efforts to develope our local economy. These areas are all part of the BIA Emphasis In 1983 statement concerning economic development, and the greater opportunity for management flexibility in establishing budget priorities, as proposed in the Consolidated Tribal Governmental Programs (CTGP) Prototype project.

Throughout fiscal years 1980 and 1981, Sandia's testimonies and/or written comments to Congressional committees with jurisdiction for the BIA Budget, have emphasized the difficulty smaller tribes in a multi-tribal agency have in securing funding equity, and, as well,with allocating money once received in accordance with tribally established priorities from the Band Analysis process. For example, in September, 1980 our brief to the Senate Select Committee on Indian Affairs presented an approach for resolution of the "Equity" and "allocation at a multi-tribal agency" problems. Since that submission, we were pleased to note in the fiscal year 1982 prototype revision of the CTGP, the provision for "lumping" sums within compatible program areas, since this provision would enable Sandia to merge its top five priority rankings, which are, in order, Business Enterprise Development, Agriculture, Self-Determination Services, Water Resources and Agricultural Extension Services. Having already advocated this direction, then, Sandia applied for participation in the FY 1982 CTGP Prototype project, only to be informed from the Office of Assistant Secretary-Indian Affairs that Sandia was not eligible due to not already having in place a Level I financial accounting system. Attachment D to this statement is my recent correspondence to the Assistant Secretary's Deputy informing him of implementation during FY 1982 of a "Level I" system. This is being done without technical assistance, or related financial assistance, by the Bureau at a cost of $4,000, to install and maintain until the beginning of FY 1983. Sandia is undertaking this expensive initiative, despite concerns expressed by our accounting consultant in his correspondence also part of Attachment D, because of our opinion that without such allocation flexibility and access to funding not liable for "spreading" across the base of nine other tribes, our internally-determined course of tribal business enterprise development will continue to be without the decision-making independence necessary to bring about a profitable, self-sustaining local economy. Therefore, we recommend to this Subcommittee that it encourage the BIA to closely examine the "Level I" criteria it has introduced into the CTGP concept, so that that criteria does not serve to deter those smaller tribes, so inclined, from proceeding with this desirable initiative.

A further problem concerning to the desired flexibility of CTGP participation involves the Economic Development and Employment Programs Activity of the FY 1983 Budget Request. With the administration requesting $10.0 million for the Economic Development Initiatives Element, the request for the related Indian Action Team Element has been reduced to $896,000 for Area Office Operations, and the Business Enterprise Development Subactivity being zeroed as a result of a proposed $1,344,000 reduction. At page 28 of the FY 1983 Budget Justification document, the narrative supporting this proposed reduction reads "...In FY 1982, the Congress transferred the Indian Action Team Funding to seven other Bureau programs," including (..."Business Enterprise Development..."). "In FY 1983, the Bureau gave the tribes, formerly operating Indian Action Teams, the opportunity to redistribute the program for other programs. Therefore, the FY 1983 request for Business Enterprise Development includes a decrease of $1,344,000 for the transfer of Indian Action Team funds which reflects tribal priorities..." As also affixed to the Attachment D correspondence to the Assistant Secretary's Deputy, is a December 1981 Sandia correspondence to the BIA regarding reprioritization of Business Enterprise Development as Priority Ranking #1 for FY 1983. The January 1982 BIA response memorandum recognizes the priority, but appears to have deleted the funding from Sandias base. We bring this matter to the attention of the Subcommittee as test of whether the prototype CTGP project can respond responsibly to tribal priorities -- notwithstanding population size or volume of contracting involved. Given the similarity of purpose and methods of Sandia's FY 1982 business enterprise/economic development program with the narrative at page 82 and 83 of the FY 1983 Budget Request supporting the proposed $10.0 million initiative, Sandia requests that its current FY 1982 business enterprise base of $144,000 be a starting point for a FY 1983 grant award from which participating in the proposed Economic Development Initiative could commence.

A brief recommendation for the Small Tribes Management Initiative, under the Indian Services Activity is to not restrict participation for tribes with populations less than 400 persons, "to those which enter into consortia with other small tribes in their geographic locale..." (Reference page 67, the Budget Justification). As with the recommendations already made urging that the CTGP project, and the Economic Development Initiative proposal, not penalize tribes - - and thus go counter to their stated self-sufficiency thrusts - - presently lacking a sophisticated financial accounting system, nor penalize those considered "small" against some relative criteria. The Assistant Secretary for Indian Affairs should be urged to encourage such initiative from tribes who have historically not had access to these options.

Finally, we recommend to this Subcommittee that additional detail to support the request at page 77 of the Budget Justifications be required, where it reads "...In FY 1983, $896,000 is requested to finance a continuing effort to close out prior year Indian Action Team contracts...". This amount seems sizeable, given the proposed continued budgetary austerity, especially when Sandia Pueblo, at least, has already had complied such inventory as stated to be necessary in the budget narrative. (Reference Attachment E to this statement).

We are appreciative of the time you have given us today to present our recommendations.

STATEMENT OF GORDON THAYER, CHAIRMAN, LAC COURTE OREILLE TRIBAL GOVERNING BOARD, HAYWARD, WIS.

Mr. THAYER. To accommodate the short time, instead of getting into our categorical requests for the Bureau of Indian Affairs, I will summarize that.

We are asking from the Bureau of Indian Affairs, for our programs, some $18,385,000 for the Indian Health Service, $1,631,000——

Ms. RICHARDSON. Are these increases?

Mr. THAYER. These are increases over our request last year. They are substantiated by exhibits which were turned in.

I would like to highlight some specific areas of concern of our tribe.

In the area of Indian education, our tribe has always considered education as No. 1 priority. Specifically, if we're looking at self-sufficiency, we feel education has to be the building block to that. And we have our own K–12 school system since 1975. We had to develop our own school systems, because our students were going to the surrounding schools and/or—our students were experiencing a drop-out rate of 75 percent. Now that our school is in operation, that has dwindled to 6 percent.

Now the Department of Indian Education is proposing to cut our tribally-operated school by one-half. We can not continue to provide educational needs to our children with that type of breakdown.

We are asking the Bureau, as its trust responsibility—and I guess that is somewhat argued by Mr. Smith—that they continue to pick up the balance for education of our students.

Ms. RICHARDSON. Are you a contract school with the BIA, receiving additional money?

Mr. THAYER. Right. We feel that to stay even they have to replace the funds. It must be increased by at least $1.5 million.

We protest the elimination of Johnson-O'Malley in educational assistance funding, which means a $100,000 cutback in funds. This was a perception that JOM funds were a duplication of ISEF funds. JOM funds supported the same services as BIA school operations.

BIA school operations funds neither supported similar activities as the JOM nor are they sufficient to support the totality of educational programs and services necessary for a school to successfully operate. The necessity to solicit $1.5 million from other sources evidences the inadequacy of the BIA funding.

We are also concerned in the other Bureau categories, in terms of trust responsibility, that our tribe has experienced a huge deficit as a result of indirect costs, the inadequacies of indirect cost formulae.

We have incurred a deficit of $757,457 over the years. We recently had to utilize our judgment claims to offset $450,000 of these Public Law 97–112, and this has created problems with the tribe. We feel that the use of judgment claims to offset the administration of Federal contracts is appalling.

We feel that the Bureau's trust responsibility is to look into the problem of indirect cost and also to help Lac Courte Oreilles get these judgment claims replenished. We want to use the judgment claims as a legacy for our children in the future.

We feel that in the area of trust responsibility, our tribe is in litigation on several areas with the Flowage, which is a body of water that was dammed 50 years ago by the Northern State Power Co. We were given compensation at the rate of $1,800 per year. Now we are in litigation; we are looking at settlement. We need moneys to continue things like that.

Wisconsin v. *Baker* is another case, in terms of hunting and fishing issues.

The Indian child welfare matters; there needs to be funding for that.

Indian health and alcoholism problems are on the rise. It is an alarming rate. While our rates are low, the 1981 funding is in the amount of $434,000. We have already exceeded this amount by $60,000; the reason is we have had to include particiption of nonmembers' spouses.

We were allocated funds for 1,400 people, and we went way over 3,000 people we had to service. The problem will continue in 1982 and 1983, and we feel that with the problem—it is going to be compounded in 1983 when the proposed urban Indian health programs will be eliminated and Indian people will be returning to the tribe for services that are not there.

In addition, the elimination of the CHR program will burden the tribe's health care delivery system. We feel that it is very important that Congress has to take a look at the CHR program and really take that into consideration and not let that be a victim of the budget axe.

Thank you very much.

PREPARED STATEMENT

Ms. RICHARDSON. Thank you. We will place your statement in the record.

[The statement follows:]

STATEMENT OF GORDON C. THAYER

REQUEST TO:	BUREAU OF INDIAN AFFAIRS	
APPROPRIATIONS:	Indian Education/Assistance	$ 2,893.000
	Indian Services	1,796,200
	Economic Development/Employment	543,500
	Natural Resources Development	1,956,000
	Trust Responsibilities	477,500
	Facilities Management	85,000
	General Administration (Indirect Cost 19%)	1,472,728
	General Administration Reimbursement	757,457
	Impact Aid: School Construction	6,000,000
	Road Construction 9 Mi.	1,100,000
		$17,081,385

REQUEST TO:	INDIAN HEALTH SERVICE	
APPROPRIATIONS:	Health Management	$ 75,000
	Contract Health/Clinic	500,000
	Community Health Representatives	76,000
	Alcoholism Intervention	25,000
	General Administration (Indirect Cost 19%)	142,690
	Planning (Up-Date Specific Health Plan)	75,000
	Facilities Construction (New)	300,000
	Facilities Equipment (New)	200,000
	Facilities Personnel (New)	237,800
		$ 1,631,490

Honorable James A McClure, Chairman, and members of the Senate Appropriations Sub-Committee on Interior and Related Agencies: Greetings once again from Northern Wisconsin's foremost Ojibwa Tribe. We were pleased to testify last year and we thank you for the opportunity this year.

LAC COURTE OREILLES YESTERDAY We are signatories to at least four treaties with the United States - 1825, 1837, 1842, and 1954 - the latter establishing our Reservation of about 75,000 acreas. In 1900 there were about 2000 Tribal Members, quietly subsisting on our natural resources of fish, wildrice, wild game and water fowl and wild nuts, fruits and berries, as well as produce from small garden plots. There was some contact with traders and lumberjacks, but Lac Courte Oreilles was one of the last Ojibwa Tribes to become acculurated.

That process was accelerated in 1914 - 1920 by the intrusion of flood waters over 7000 acres of Tribal land by a Federal Power Project formed by a dam just off the Reservation Wildrice, water fowl and wild life habitat and trees and foilage were premanently destroyed. The Lac Courte Orielles way-of-life was shockingly stifled; we are reeling from the ramifications today.

LAC COURTE OREILLES TODAY Now 3600 strong, we are striving toward the goals of self-government, self-determination, and self-sufficiency. Although only constitutionalized since 1966, we have gone from no Tribal Government and no funding to a model of growth and development which sometimes even amazes ourselves.

Tribal member population in our service area, on and near our Reservation, has shown dramatic increases in the last six years as members and their families return home, as birth rates increase and, with better health care, the death rate declines. We currently provide governmental, educational, health and employment services to over 2300 members and others in our service area.

1. EDUCATION - In retrospect we feel far-sighted to give education one of our highest priorities. Starting with a minimal training grant in the early 70's, we initiated our Tribal School in early 1976. From 103 students attending the first semester to 236 students for school year 81/82, we have experienced a 7.2% average annual percentage increase in enrollment. From a few dollars to an annual budget of $3,000,000 this too has required quickly learning sophisticated financial and management techniques.

We have developed a comprehensive bicultural educational system. We serve children ages 3 (Day Care - Headstart) through grade 12 plus adult, higher and continuing education.

The Tribe has responded in an innovative way to the challanges of the particular needs of Indian students in a contemporary society against the background of Tribal culture. The failure of the public school system(s) serving the Tribe has given impetus to the Tribe stepping in to adequately fulfill the educational, socio-cultural and spiritual needs of our Indian youth.

In addition to steady enrollment growth, we can point to other significant accomplishments in 6 years: Absenteeism sharply curbed with a current 89% average daily attendance rate; high graduation rate, 94% of our last high school clase; drop-out rate dwindled to 6%; high percentage of graduates going on to college, voc-tech schools and other advanced training

The demist of the U.S. Department of Education and the loss of its funding will be a disaster to our school system! You must replace those lost funds to just stay even and add more to allow our growth needs to be met, not to mention inflation. We believe a substantial aspect of your trust responsibilities is to provide Indian Education funding. It must be increased by at least 1.5 million dollars to continue such integral program components as fine arts, parental costs, athletic activities, computor-assisted instruction and special education.

We really must protest the elimination of Johnson-O'Malley Educational Assistance funding! For LCO this means a $100,000 cutback in funds and services. The premist for elimination of JOM funds for contract schools was the perception that JOM funds were a duplication of BIA School Operations ISEF funds; that is, JOM funds supported the same services as BIA School Operations. BIA School Operations funds neither supported similar activities as JOM nor are they sufficient to support the totality of educational programs and services necessary for a school to successfully operate. The necessity to solicit 1.5 million dollars annually from other sources evidences the inadequacy of BIA funds.

BIA School Operations ISEF funds are insufficient to support the entire regular school operation and certainly insufficient to provide the "special and unique needs of eligible Indian students", (namely, the JOM focus). The elimination of JOM funds necessitates the elimination of JOM services.

The ever increasing numbers of LCO High School graduates yields a corresponding increase in the number of Tribal members enrolling in undergraduate and graduate level education. Thus, the success of our secondary educational activities, and the corresponding increase in collegiate enrollment by Tribal members necessitates increased financial support via continuing education programs.

The elimination of Department of Education funding for Adult Educational Programs at LCO has resulted in the elimination of vital services and the need to increase our BIA funding in this category.

As to Facilities Expansion, we must point out:

a) Elementary School
   1. The current facility is well over fifty (50) years old resulting in the usual safety and maintenance difficulties.

   2. The enrollment is increasing at an annual rate of 17% with Kindergarten increading at a rate of 50%.

b) Physical Education Center

   LCO Students experience unequal educational opportunities as a direct result of inadequate physical education facilities. With the absence of regulation athletic facilities LCO athletic teams are unable to engage in organized league competition. The vital and essential role of athletics in a well-rounded curriculum has been well-documented nationally. LCO students have been unable to participate in such activities during the past five years due to the absence of such facilities.

In summary, our educational needs force us to request $8,893,000 from the Bureau of Indian Affairs.

2. INDIAN SERVICES - The provision of governmental services by the Tribal Governing Board in the immediate past, consisted primarily of administrating programatic funds; this formed the nucleus around which a central administrative staff has been formed giving the Tribe the management capability to undertake the provision of more services, health, social services, training programs, housing improvement and the like. Tribal members and others, particularly in the last 6 years, are depending on Tribal Government to provide services. Rarely does a Tribal member receive direct service from a BIA staff personnel. Instead the Tribe and its members have opted to receive funds with which to hire staff to provide the services which the Tribal member, in concert with the Tribal Governing Baord, has determined are required to meet the needs.

We have a continuing Housing Improvements Program; We provide youth and elderly programs, as well as administer some welfare assistance funds. All these needs are increasing and with more reliance on the Tribal Government by Tribal members we are forced to request increased funding.

An outgrowth of providing governmental service programs, has been the increased demands for the Tribal Governing Board to exercise civil regulatory authority to protect the health, safety and general welfare of the people and their property, as well as protect and conserve tribal assets and resources. Implementation of jurisdiction, through means of our Tribal Court system, began with regulating hunting, fishing, and trapping within the Reservation and has been extended to child welfare, domestic relations and other such related matters. An increase in case-load and projected assumption of jurisdiction in areas such as land-use and zoning, traffic control, animal control, business licensing and organization chartering, bingo regulation and the like all point to the need to develop this Tribal Government component requiring increased funding.

3. ECONOMIC DEVELOPMENT AND EMPLOYMENT PROGRAMS - Since the fall of 1978, we have formed six tribal enterprises, organized as tribal corporations managed by appointed Boards but remaining under the ultimate control of the Tribal Governing Board. Training and employment assistance funding has been invaluable in the past to enable these fledging businesses to get off the ground but more funding is needed, particularly as we seek to expand.

We have an ever increasing need for funding feasibility studies and business plans of new ventures we determine are worthwhile - which will provide jobs and profits. We also have needs to provide professional services of an overall and intra-enterprise nature to co-ordinate and keep organized our whole enterprise operations and planning.

Soliciting both the private as well as public sector for business for our enterprises is another function which can be done by both the Tribal Governing Board and our management staff, but funding is needed for transportation, communications and the like to follow through.

4. NATURAL RESOURCE DEVELOPMENT - With a depressed economy and high unemployment, our Tribal members are increasing their exercise of their Treaty Rights to hunt, fish and gather. Mere survival, here in Indian Country, means more reliance on our natural resources. High priced petroleum-based fuels and our severe winters logically make wood a desirable fuel for Tribal members. This in turn puts pressure on our Tribal forests, 12,500 acres, in the competition to use our trees for firewood, wildlife habitat and/or commercial forest products.

Planning and managing our natural resources for long-term multi-purpose usage is no easy task. Particularly in the light of our checker-board land ownership pattern on the Reservation, our conservation practices must be tied to long-range land and water use plans and programs, as well as the implementation of civil regulations and the administation thereof.

An added feature of our long-range resource development includes careful agricultural developments. If a fish hatchery and a cranberry marsh can be so classified, we seek funding for the construction of a hatchery and the expansion of our current 28.5 acre marsh. The feasibility of a fish hatchery was studied 6 years ago and it must be up-dated. Our marsh was reactivated 3 years ago and appears ready for a 6 to 10 acre increase in size.

Finally, under minerals, mining, irrigation and power, we must disclose that during the past 5 years, we as a Tribal Government, have been solicited by several energy companies to permit them to explore and test for mineral deposits on the Reservaiton. Even the U.S.G.S. has offered "assistance" in such exploration. We need scientific technical and economic assistance to decide how to approach the interrelated problems associated with exploring for, extracting and processing minerals such as uranium, copper, linc, silver and the like and the compatibility of same with our values, life-style and resources, human and natural.

5. TRUST RESPONSIBILITIES - Protect of our rights and processing 2415 Claims requires investigative funding as well as litigation support and attorneys fees to resolve disputed rights and responsibilities. We are involved in several lawsuits with implications for all Indians - FERC Project #108, Wisconsin vs Baker and LCO vs Voight (US Ct. of Apps, 7th Cir) Indian Child Welfare matters and ongoing assersions of Rights Violations, including the permanent loss of $22,000,000 of Wildrice. We are also contemplating retrocession as well as seeking to take over real estate and asset management functions.

6. GENERAL ADMINISTRATION OF GRANTS AND CONTRACTS - (Indirect Costs) - We have already provided costs and testimony to Congress of the present and future need for adequate support funds. Equally important is the great need for Congress to reimburse us for the $757,457 in Indirect Costs Funds we had to spend (to pass audits imposed by OIG) but did not recover and now we are in debt in that amount!

7. ROAD CONSTRUCTION - We have been severely slighted in this area; we have 9 miles of roads needing reconstruction and hand-surfacing.

LAC COURTE OREILLES HEALTH DELIVERY SYSTEM Currently serving over 2000 Tribal Members, our Health Department has documented over 4000 visits to our clinic this past year. No decline is indicated and an increase is showing up for the last two months. We have such an increase because of new procedures necessitated by budget restrainsts so that all persons seeking medical or dental services must be cleared through our small clinic before referral to a hospital or physician and subsequent reimbursal by IHS. Our present minimal health care facilities and staff are being over-loaded; they function in an alcove within our main administrative offices with two small examining room, two dental chairs and an inadequate waiting area. Patients are seen four days a week, with dental services being performed by the part-time dentist two days a week. No physician is on staff or comes to the clinic - our one nurse practitioner, one licensed practical nurse, clerk and aide do it all. Our clerical staff is minimal, just losing a key employee mostly because of job stress.

Our Community Health Representatives have been reduced in staffing and funding and are over-burdened, in addition, with providing clerical assistance. At the same time, due to an already too small alcoholism intervention budget and staff, community volunteers are being relied on to care out many of the professional functions we should be funding through IHS.

We are trying to meet the future needs through planning - this too takes time and money and to do it right, the assistance of prefessionals. We know we need a new facility and that it should be adequately equipped and staffed. Our modest plannaing grant request will verify our current findings and give proper projections for the future.

SUMMARY In order for the United States Government to fulfill its special trust responsibilitie to Indian Tribes and to begin to make progress on the expressed goal to "recognize and preserve the inherent rights of Tribal self-government, to strengthen Tribal capacity to govern, and to provide resources for Tribal government programs", you must appropriate sufficient moneys therefor and provide safe-guards to see that it reachs the Tribes. This means reducing the Federal staffing and get that money directly to the Tribes with as little paper-work as possible. We long to be self-sufficient, self-governing and self-determinative, but your assistance is vital.

STATEMENT OF JAN-JAY MOOLENIZER, BLACK MESA COMMUNITY SCHOOL

Mr. MOOLENIZER. I thank you for the opportunity to speak before the committee.

I am the director of Black Mesa Community school. I represent the interests of a small contract school community on the Navajo Reservation.

Between the 1982 ranking list and at this time, the school has been approaching this committee and other committees for the funding of our new school construction. We understand that several questions have been raised; we believe that those questions have been answered.

Ms. RICHARDSON. Let me interrupt you. The committee sent questions to the Bureau of Indian Affairs, and they informed us yesterday that we would have those responses today, so the committee should be in a position very shortly, to make a decision on the planning and design questions.

Mr. MOOLENIZER. That takes care of the first request.

The second is for fiscal 1981 and 1982 of the first phase of actual construction of the school. The architect that was jointly chosen by the Bureau and our school board has indicated that he would be ready by mid-June with all planning and design having been completed. That would give us the summer to begin the construction. Because of the fiscal problems of this year, we propose a 3-year phase program. That is in the materials you have, and—so our supplemental request for this fiscal year is $2.9 million, which would include the initial site work on the school facility.

The second year would include the support services, plant management, and the third year would be housing.

Also, in the materials that you have, of the parents that had an opportunity to respond—and not all parents have had that opportunity—123 childen before and school age, and that is kindergarten through eighth grade—children have been identified——

Ms. RICHARDSON. Excuse me. The last information that I saw from the community was that this school would only be K through sixth.

Mr. MOOLENIZER. Correct.

Ms. RICHARDSON. And here it is K through eighth.

Mr. MOOLENIZER. We are a K—preschool—through eighth. The materials you have were from school facilities in Albuquerque, and their projections.

Ms. RICHARDSON. It was from you.

Mr. MOOLENIZER. Our community has looked at the situation, as I sent to you in a letter. The community had a town meeting in the fall and indicated that they wanted to continue the preschool through eighth grade program. Of those 123 students identified, 42 are before-school age, which clearly establishes a continuing need in the community for a day-school program.

Again, as you know, the only alternative to a day-school at Black Mesa is a boarding school in surrounding communities.

Ms. RICHARDSON. What percent of the children would be represented by the seventh and eighth grades, as opposed to the original K through sixth proposal?

Mr. MOOLENIZER. I do not have that population thing that you have there. It has been broken down by school year—I mean, by birth year, and it would be just the last two, which is approximately, I believe from memory, 17 students.

Ms. RICHARDSON. Well, the committee is aware of this, and realize that Black Mesa is high on the list.

Mr. MOOLENIZER. One of our main concerns for requesting a supplemental at this time is the timeframe is appropriate. We are able to go ahead with construction. And also, we understand that the Bureau has not requested fiscal 1983 funds for construction for Black Mesa, and that the only construction funds that have been requested are very high, and we are looking at a timeline of 2 or 3 years down the road, if we do not initiate something this year.

Ms. RICHARDSON. It would be unusual if the funds were included in the supplemental rather than the regular 1983 bill.

Mr. MOOLENIZER. Thank you. If you still have further questions——

PREPARED STATEMENT

Ms. RICHARDSON. I know who to contact. Thank you. Your prepared statement will be inserted in the record.

[The statement follows:]

STATEMENT OF JAN-JAY MOOLENIJZER

I am representing the Black Mesa Community School and have come before you to present the deep concerns of the parents and the School Board of Black Mesa Community School regarding the status of critically needed new school construction. Specifically, we are requesting that your committee take action to see that funds for the advance planning and design phase of our project be released immediately and that supplemental funding for new school construction be provided in fiscal year 1982.

As presented in testimony before Congress last year, it is clearly documented that Black Mesa Community School has a dire need for new facilities: too long our community has suffered the neglect and restrictions of the Bennett Freeze imposed on the (former) JUA; our facility, temporary field trailers, has been determined to be inadequate by the Bureau of Indian Affairs--our students one hundred percent unhoused (at complete parity with the No. 1 school); our situation remains desperate. The recognition of our plight by the House Interior Appropriations Subcommittee and the ranking by the Bureau, of our application as Number two (2) on the priority list for new school construction in F.Y. 1982 gave us hope that, finally, our children would have a safe and functional facility for their education.

Yet, there continue to be delays, roadblocks and, now, the threat we will never be funded -- our dream will never be a reality. The people of Black Mesa Community cannot understand how this has come about. They remain firm in their commitment to the school and their desire to keep their children living at home. We have complied with all appropriate procedures and regulations in our application for new school construction and the Navajo Tribe, by resolution and letters from the Chairman is on record in full support of our cause; we have met every obligation on our part -- how can the Federal Government refuse its trust responsibility?

The Conference Committee language stated that funding could not be provided "... until submission of the Navajo Day School Study by the Bureau, so that the proper size of the school can be determined. If this issue is resolved in a timely fashion, the managers agree that a request for supplemental funding in fiscal year 1982 will be carefully considered."

Though the Navajo Day School Study has not yet been officially released to Congress, it does clearly support our cause: including our program in the overall planning for day school education on the Navajo Reservation; establishing clear attendance boundaries (boundaries larger than those now in effect); and in all ways recognizing the need for a continued program at Black Mesa. However, because this study has not been released to Congress, our critical situation should be considered without delay or regard to the Study.

In our request for funding last year, we projected our enrollment (and thus the size of the new school) at 80 to 110 students. This projection has been questioned. We hereby submit, for the record, attendance data, including signed commitments from parents, which firmly answer these questions and clearly establish our future enrollment. The parents of our community who have had an opportunity to respond to our survey thus far, have provided commitments for an enrollment of 123 children. Of these children, 28 are under school age and 14 are of preschool age, leaving a total of 81 children currently of K-8th grade age. This not only supports our attendance projections, but clearly indicates a growing community and continued need for the new school facility.

Black Mesa Community School now provides a Day School education program for 47 children, grades pre-K to 8th grade (37.5 on official certified Public Law 95-561 ISEF count, 7 preschoolers, balance, new enrolees). This is a significant increase over last year's enrolment due to the increased sense of hope and progress in the Community. This also indicates the stability of our enrolment and the commitment of the Community in the face of substandard facilities.

The continued delay in funding for new construction has caused the Bureau to freeze, in mid-process, advance planning and design funds needed for the design phase of the project. We ask you to please instruct Mr. Steele's Facilities Management office to release these funds and resume the design phase so that the project can proceed in a timely manner.

Further, we understand that the Bureau has failed to request funds for new school construction for Black Mesa Community School in their F.Y. 1983 budget request. This is a clear and deliberate injustice that we ask your aid in correcting. The Bureau's continued neglect of their responsibilities under P.L. 95-561 to the people of Black Mesa must be remedied. This indifference only makes it more critical that Congress act now to make funds available in the current fiscal year.

Mr. Chairman, the parents, community and School Board of the Black Mesa Community respectfully urge you to lend your assistance to see that (in light of the facts of our continued need, without regard to the Navajo Day School Study, as we have been advised that it will not be released to Congress in the near future, the documented full support of the Navajo Tribe and in good faith to the people of Black Mesa Community) supplemental funds are appropriated for new school construction in F.Y. 1982 at the Black Mesa Community.

I hope and trust that you will give favorable consideration to our request.

Thank you for your continued consideration and support.

STATEMENT OF JOSEPH MARTIN, MAKAH TRIBAL LAW ENFORCEMENT GROUP, MAKAH RESERVATION

Mr. MARTIN. I am from the Makah Tribal Law Enforcement Group, on the Makah Reservation. We are on the furthest northwest tip of the United States.

The Makah law enforcement program has been a very successful program over the years. It was the first program contracted by the Makah Tribe, under Public Law 93–638, with the Bureau of Indian Affairs. That took place in 1975, and I am happy to say that it has been a very successful program. It has been a very well respected program in the northwest; we are widely known in that area.

Last year I submitted written testimony to this committee; we did not have the opportunity to testify in person, and at that time we stated our problems, of IMPL funding.

Ms. RICHARDSON. Which the committee tried to address in its report.

Mr. MARTIN. Yes; we are still having our problems with IMPL funding. On the second page, near the bottom, you did have a statement in there:

> Within the funds provided to the IMPL transfer, the committee expects that sufficient funds will be made available to the Makah Tribe for continuation of its law enforcement program. Senate Report No. 97–166, at page 3.

As I said before, we still have not received those funds yet. We are almost halfway through the fiscal year, so we are having quite a time.

We originally had nine officers; we are down to the five and six officer area right now. We still have 24-hour coverage for the reservation; we are still maintaining, but barely. We are holding on there.

I also reported in that testimony last year that we had experienced drug activity on our reservation in very large magnitude. I am happy to say that that came to a successful conclusion with a joint investigation by ourselves, FBI and DEA. Those persons were convicted in Panama City, Fla. in October 1981. One of them got 45 years, and a fine of $15,000.

In the BIA budget justifications for 1983, I am sure you are aware that the law enforcement section has a statement in there which says:

As economic conditions worsen on reservations, the incidence of crime and alcohol abuse increases, requiring additional law enforcement activity.

We found this to be very true in fiscal year 1982; we kind of hate to think about 1983 the way it is going right now. Ever since our force has been reduced, and the unemployment situation has gone up, we have a very big workload; in fact, we are going on a priority basis right now. That is how bad it is.

The dollar amounts—we have a base number of $112,000 a year from the Bureau for law enforcement. In fiscal year 1981, the IMPL moneys for that situation were $58,000. The tribe put in another $58,000 and we operated on a budget of $228,000.

So you can see we are working on $112,000 right now; we are more than cut in half.

Ms. RICHARDSON. We will check with the BIA. I know part of the problem with IMPL on a nationwide scale. I do not know why they are having a particular problem in your instance.

Mr. MARTIN. It should have been distributed; all of the adjustments have been made, and that money should be distributed.

We are looking also at fiscal year 1983, like everyone else, and we would like to have that IMPL money, which ends this year, to be put into the line items for the budget for 1983.

To sum it up, I think we are doing a good job. We want to continue doing a good job for the Makah people. We take care of many other people besides Makah people for 6 months out of the year, which is sportsmen, fishermen, hikers, campers. We quadruple our population.

Thank you.

Ms. RICHARDSON. Thank you very much.

Mr. Wilfred Scott, Nez Perce Tribe.

STATEMENT OF WALTER MOFFETT, MEMBER, NEZ PERCE TRIBE

Mr. MOFFETT. I appreciate the opportunity to share with you some of our concerns about the BIA-IHS budget for 1983. Our service clinic, which is located at our tribal headquarters in Idaho, is a multijurisdictional agency serving three tribes: the Nez Perce, Coeur d'Alene, and Kootenai Tribes. The total population is approximately 2,200 on or near the three reservations.

The executive committee in January 1979 adopted a resolution requesting expansion of our IHS clinic at Lapwai. The staff at the clinic is overcrowded, offices are located in the hallways, every available space is taken by the staff at the clinic. There is very little space provided for providing privacy for the patients and the clients from the three reservations.

We recommend that the category facilities be restored to provide expansion of IHS facilities such as the clinic at the Northern Idaho——

Ms. RICHARDSON. Do you know what your priority listing is on the clinic construction list?

Mr. MOFFETT. We were just in the process of submitting our plans, et cetera, when that was phased out, so we were not placed on a priority.

Ms. RICHARDSON. You are not on the list?

Mr. MOFFETT. We have to update all of our evaluations.

Another deep concern we have is about the direct patient care. Since June 1981, the Portland area office, like other areas, has been placed on priority No. 1, urgent and emergency care only. A matter which we believe further compounds the lack of funds to provide direct patient care is the extension of eligibility to non-Indian spouses, and a further complication is that formerly nonfederally recognized tribes, having been extended eligibility, have been included without any supplemental funds being provided for the direct patient care.

We recommend sufficient funds be appropriated for this category, and further, that whenever nonfederally recognized tribes are to become eligible for IHS services, that supplemental funds be provided.

Ms. RICHARDSON. It was suggested earlier this morning by Senator Stevens that Indian Health Service be required to adhere to the BIA blood quantum guidelines.

Do you know how your tribe feels about that?

Mr. MOFFETT. Yes, we do. Our position has been to use the definition of an Indian that is included in 93–638.

Ms. RICHARDSON. The BIA definition, as opposed to the more extended definition—Self-Determination Act?

Mr. MOFFETT. Yes; the BIA, as I understand it, uses about 17 definitions.

Ms. RICHARDSON. It depends on what they are talking about.

Mr. MOFFETT. Anyway, the eligibility to non-Indian spouses be dropped.

Another concern that we have is about the zeroing out of the CHR program. If there is any program that tribes have been successful in having a community-based and controlled program it is the CHR program, which provides specialized and general services. The CHR program in its short 10 years has been successful in incorporating traditional modes of Indian health by integrating these into a comprehensive health service network, and all tribes have a desire to see this kind of holistic approach to Indian community health needs expanded towards a healthier future for all Indians. We recommend that the CHR program be restored in the IHS budget for fiscal year 1983.

PREPARED STATEMENT

And I would like to ask permission to submit supplemental statements regarding the BIA budget. We have limited time, and I would like to request that.

Ms. RICHARDSON. They will be printed in the record.

[The statement follows:]

STATEMENT OF WALTER MOFFETT

Mr. Chairman and Members of the Committee, my name is Walter Moffett. I am pleased to have the opportunity to present to you comments and recommentations on the F.Y. 1983 Bureau of Indian Affairs and Indian Health Service budgets on behalf of the Nez Perce Tribe of Idaho. I am a member of the governing board of the Nez Perce Tribe.

We would like to bring to your attention the severe hardships which would be experienced by members of our Tribe as a result of budget cuts proposed by this Administration. These are of great concern not only to our Tribe but to all Indian tribes across our great nation.

As a Tribe we have fully supported the efforts of previous administrations to promote economy and efficiency in government. The proposed F.Y. 1983 budgets of the BIA and the IHS will not accomplish the goals of this Administration without inflicting severe hardship on people in a number of programs which are operated for the benefit of Indians; such as higher education, scholarships and adult education in the BIA budget and direct health care services and the Community Health Representative (CHR) program (which is to be eliminated) in the F.Y. 1983 budget of the IHS.

The Executive Committee of the Nez Perce Tribe is very disturbed about the BIA and IHS budgets which propose the elimination or significant reductions in vital services to our people. Our great leader, Chief Joseph, once said: "I have heard talk and talk but nothing is done ... good words will not bring my people good health. I am tired of talk that comes to nothing." Your colleague, Senator Henry Jackson, stated in 1974: "... health services must be the cornerstone upon which rests all other federal programs for the benefit of the Indians."

I am sure that the members of this Committee are well aware of the fact that for several years, the United States Government has established goals for improving the health of the Indian people to the "highest possible level." Section 2 of Public Law 94-437, the Indian Health Care Improvement Act, states

> ... a major national goal of the United States is to provide the quantity and quality of health service which will promote the health status of Indians to be raised to the higher possible level and to encourage the maximum participation of Indians in the planning and management of those services.

Since the establishment of this goal we have not witnessed any clear plan of implementation. We have experienced, on the other hand, severe reductions in almost all categories of health services. As this Subcommittee knows, the provision of health services to Indian people is the responsibility of the federal government through the Public Health Service and the Indian Health Service. This responsibility has been confirmed repeatedly by Congress through legislation as well as through the courts.

The Northern Idaho Health Clinic located at our tribal headquarters in Lapwai, Idaho, is a multi-jurisdictional agency, serving the Nez Perce, Coeur d'Alene and Kootenai tribes, with a total population of approximately 2,200 people living on or near the reservations. Approximately 9,700 Indians received out-patient services through the IHS system in F.Y. 1980 and 10,667 in F.Y. 1981. The total number of out-patients at the clinic was approximately 11,000 -- an increase of about ten percent. The increase in out-patient service is due to the impact of the IHS budget cuts of June 1981 when the Portland Area Contract Health Service program was placed on Restricted Priority No. 1 (urgent and emergency care only). The Portland area, like other areas, continues to be managed on a Priority One basis. Since the Portland area has no IHS hospital and in view of the fact that the Seattle Public Health Service hospital was closed, there are only limited clinical facilities available to Indians and the IHS must purchase private sector health care and hospital services through contract health service programs. The proposed contract health service budget - in view of the services which must be furnished - provides only a marginal increase which would not keep pace with similar increases provided in the private sector for medical and hospital care.

Another concern which compounds the problems of the already limited budget for contract health service is the continued expansion of the service population. This is caused not by our choice but by the extension of eligibility by the Indian Health Service to non-Indian spouses for provision of service. This extension of eligibility decreases the budget for direct patient care which is critically needed by our tribal members.

In addition, previously non-federally recognized tribes have now been extended eligibility and no supplemental IHS funds for direct patient care and other IHS services were included in an already depleted budget.

We recommend that the IHS budget for F.Y. 1983 be provided with the funds necessary to implement and fulfill the goal of Congress and the Nation of providing the highest possible level of health care to Indians and the provision of adequate funds for the existing service population.

Moreover, in abolishing the Community Health Representative (CHR) program, the Administration is recommending the termination of what we consider to be a mainstay of our tribal health program and of many other tribal health programs as well. The Community Health Representatives provide general and specialized care to tribal members throughout the reservations and in some cases, in remote areas where transportation is non-existent. These persons provide a number of health-related services to Indians of all ages, including home health care, emergency medical service, health education, dental care, maternal and child health care, nursing and care for the elderly, who in many cases cannot speak English. We are of the opinion that the C.H.R. program is one which has successfully implemented Indian self-determination. Most tribes have responded enthusiastically to contracting the C.H.R. program under P.L. 93-638 in view of an obvious lack of accessible and acceptable health care to our tribal members on or near the reservation. The C.H.R. program has come a long way in the brief ten years of its existence and has proven to be an effective program. Wherever tribes are more traditional, the C.H.R. program embraces traditional modes of Indian health care which have been successfully integrated into a comprehensive health service network. All tribes have a desire to see this holistic approach to the Indian community health needs expanded toward a healthier future for all our people. Therefore we recommend that the Community Health Representative program be restored to the IHS F.Y. 1983 budget.

We also recommend that funding for construction of Indian health facilities be restored to the IHS F.Y. 1983 budget. I am attaching a resolution adopted by the Executive Committee on January 16, 1979, requesting that the Northern Idaho I.H.S. Clinic be expanded. Currently, there is furniture in the hallways with very little space available at the Clinic to provide privacy for patients.

I will be submitting a supplemental statement on the critical issue of Indian Education in the F.Y. 1983 budget of the Bureau of Indian Affairs.

SUBCOMMITTEE RECESS

Mr. MOFFETT. We have some concerns about the BIA education budget, employment, and other aspects of ongoing programs on the Nez Perce Reservation.

Ms. RICHARDSON. Thank you.

The subcommittee will stand in recess until 1:30, at which time we will hear from the Papago Tribe.

[Whereupon, at 11:40 a.m., the subcommittee was recessed, to reconvene at 1:30 p.m. this same day.]

(AFTERNOON SESSION, 1:30 P.M., THURSDAY, FEBRUARY 25, 1982)

Senator DECONCINI [presiding]. The subcommittee will come to order.

Our next witness will be the Papago Indian Tribe. Max Norris.

I would remind the witnesses that because of the length of the witness list today—Chairman McClure wants to give everyone an opportunity to appear before the committee—the full statements as presented will be printed in the record. We would ask that you summarize them and attempt to keep your remarks to 5 minutes. We realize that is a very short period of time, but with the number of witnesses we have, I am sure everyone can understand that if we do not expedite it, we will have to cut someone off, and everyone needs an opportunity to be heard.

Mr. Norris, we are glad to have you here. Please proceed.

STATEMENT OF MAX NORRIS, CHAIRMAN, PAPAGO TRIBE OF ARIZONA

ACCOMPANIED BY:
JOHN NARCHO
ANDREW PATRICIO

Mr. NORRIS. Thank you, Mr. Chairman. My name is Max Norris. I am chairman of the Papago Tribe of Arizona. Accompanying me are two of our council members, Mr. John Narcho to my right, and Mr. Andrew Patricio to his right.

Senator DECONCINI. Welcome, gentlemen.

Mr. NORRIS. Between fiscal year 1978 and fiscal year 1981, the Congress has appropriated and the BIA has spent $6.2 million for the development of the Papago farms project. The BIA fiscal year 1983 budget provides no funding for the project, on the grounds that it has not shown a profit. The project's operating losses arise from high energy costs and its uneconomic scale.

The Papago Tribe has been developing the project in accordance with a plan it worked out jointly with the University of Arizona. That plan provides that they develop at least 5,000 acres of land. One thousand five hundred acres are presently under cultivation. With funding, the project can expand to where the point of the economic scale will be justified. The cheaper energy, the diesel as an energy source will yield the savings needed to put the project on a profit basis. Without continued funding, the project will collapse, wasting the current Federal investment.

The collapse of the project will also have an adverse impact on the tribe's water rights. Ten miles south of Papago farms, Mexican agricultural interests have developed approximately 10,500 acres—our Papago farms water basin.

If the BIA is no longer interested in protecting our water rights through farm development, they have a trust responsibility to protect our rights. We believe the course we propose is economical. We request that the committee use its good office to help secure fiscal year 1982 funding of $960,000 for Papago farms.

The BIA has indicated to the tribe that it will receive no more than $317,000.

Mr. NARCHO. Mr. Chairman, the top priority for the tribe in fiscal year 1983 in appropriations will be the CHR program. We want that program to continue. We have 76 positions currently, and as of Monday we will have only 40. We have Indian health concerns about the Tucson area. We do not want to be identified with the Phoenix service area, we want to keep our own separate identity down in the southern part of Arizona.

We also hope that you keep the HUD housing program going, and also that on the IMPL funds we want input on the expenditure of those funds, and we want to keep the record open for any additional information we would like to submit.

Mr. PATRICIO. Another need which we wish to bring out is the Papago Dialysis Satellite Center. Currently, we have 17 patients that are now being transported to the dialysis center in Tucson. They estimate that within the next 5 years, the number will double. The executive health staff of the Papago Tribe, with the support of the Health System Agency of Southern Arizona, has identified the need for a satellite dialysis center. This was also done in cooperation with the Dialysis Foundation of Southeastern Arizona.

And this has been previously identified by the tribe, and it is still something that we need out there. Thank you.

Mr. NARCHO. One last word. Thank you for introducing S. 2114.

Senator DECONCINI. Let me just ask a question here. When I met with the Intertribal Council, one of the things that you mentioned was the need for law enforcement. Is that in your statement here?

Mr. NORRIS. We have not indicated it in here.

Senator DECONCINI. Might I ask that you submit a letter to us for part of the record, and we will put it in the record, if you want to.

Mr. NORRIS. Yes, sir.

Senator DECONCINI. I was horrified at the problem you have there.

One quick question on the dialysis center. Have they ever had any kind of service on the reservation for that?

Mr. PATRICIO. No.

Senator DECONCINI. They have never had any kind of mobile service or anything?

Mr. NARCHO. No.

PREPARED STATEMENT

Senator DECONCINI. Thank you very much, gentlemen.

Your statement will be placed in the record.

[The statement follows:]

STATEMENT OF MAX NORRIS

As Chairman of the Papago Tribe of Arizona, I wish to express a concern.

We have received information (non-official) concerning the future of the Office of Research and Development, Tucson Program Area.

This information is disturbing to the Papago Tribe because if this information is true, we will not have had the opportunity to present our concerns on any of the options being considered for our Area office. Some of these options will have a negative effect on the overall health care of the Papago people. The Acting Area Director, Mr. Charles J. Erickson, has assured us that he has been assured that no decision has been made, but options are being considered.

The options, we understand are:

a. Abolish the Office of Research and Development, Tucson Program Area, and transfer the oversight and administration of the Sells Service Unit to the Indian Health Service, Phoenix Area Office.

b. Make the Office of Research and Development (ORD), Tucson Program Area (TPA), a sub-Area office of the Phoenix Area Office, with a minimum administrative staff.

c. Keep ORD, TPA with a minimum staff, as a program office, separate from Phoenix Area with limited nation-wide responsibilities.

History

Since 1969 IHS established the Office of Research and Development, Tucson Program Area to provide health services to the Papago people and to develop and/or improve the delivery of health care services to all Indian reservations.

Between 1955 (year of the transfer from the Bureau of Indian Affairs to the Public Health Service) through 1969, the Sells Service Unit was under the administration of the Indian Health Service, Phoenix Area Office. During that period of time the Papago Tribe was not satisfied with the guidance and service provided by the Phoenix Area.

With the establishment of the Office of Research and Development, Tucson Program Area Office, the Papago Tribe received direct guidance and services that improved considerably the Papagos' control of our health programs and community development.

The concept of Indian involvement and participation in health programs took place with the influence of a tribal health organization.

Today the Papago Tribal Council is very much interested in all the health programs and problems. The Tribal Council has a health committee and an Executive Health Staff Board.

Accomplishment

Several accomplishments have taken place since 1969 for the benefit of the Papagos and for the rest of the Indian people in general.

One of the most significant was the Tribal Health Organization, of the Papago Tribe which truely reflects our culture.

Another significant accomplishment was the utilization of the video-tele-medical communication, STARPAHC (see attachment).

Other accomplishments were:

Patient Care Information System (PCIS)

The PCIS provides information to prepare the program planning, budget, staffing patterns, evolution, etc, all related to improving patient care and better utilization of resources.

This system allows tribal health programs and IHS programs to maintain current health information on all the aspects of the health program:

a. data base
b. vital statistics
c. morbidity and mortality
d. outpatient/inpatient
e. contract health services
f. special reports, etc. (see attachment)

Since the establishment of the Community Health Representative program the Papago Tribe, with the technical assistance and guidance from the Office of Research and Development, Tucson Program Area, TPA staff have developed additional tribal health programs:

1. Disease Control

As of today the Papago people are all free of Rheumatic Fever due to the work done by this program; the program has a laboratory to do the testing and culturing of streptro cocci infections; this program has been working in the area of diarrhea, reducing the deaths to our infant population; the tuberculosis control program has also been the responsibility of this program.

2. Nutrition, Mental Health, Alcoholism, Elderly Program

These are the other programs developed by the tribe with the assistance and guidance from ORD, TPA. These programs working together with the program staff at Tucson and the Service Unit have also almost eliminated deaths from infant diarrhea and from pneumonia.

All of the work done above has been shared with other parts of IHS and the tribes, benefiting all parties in accordance with our agreement when the ORD was started, with consent of the Papago Tribe.

3. Community Health Representative Program

Since the first year of operation this program has provided the Papago Tribe with several services, all very important to the health care of the Papago people. This program provides transportation from the communities to IHS facilities for visits for follow-up, medication, health education, etc; interpretation for the IHS staff, and for the patients; bringing patients to the health facilities for early diagnosis and treatment, etc.

Our identity as Papago will be disaproportionally diluted should we go into the Phoenix Area Office. The Phoenix Area Office has ten service units (see attachment) with a total population of 79,099 people. The service units range from a service unit with less than 5,000 to one with 23,000. All but one with less population than the Papago. Thus, the Area services provided to our people will be less though the need will be more, due to our remote, dispersed population.

Senator DECONCINI. Next we will have the Minnesota Chippewa Tribe, Darrell Wadena. Gentlemen, your full statement will be put in the record. If you would, introduce those with you.

STATEMENT OF DARRELL WADENA, PRESIDENT, MINNESOTA CHIPPEWA TRIBE

ACCOMPANIED BY:
GEORGE GOODWIN, EXECUTIVE DIRECTOR
VERNON BELLCOURT, SECRETARY/TREASURER

PREPARED STATEMENT

Mr. WADENA. On my right is George Goodwin, executive director of the tribe, and on my left is Vernon Bellcourt, secretary/treasurer, from White Oak, Minn. We represent about 34,000 members, Mr. Chairman. What we have done is to submit our formal testimony for the record, and what we would like to do at this point is highlight some of those.

Senator DECONCINI. It will be in the record.

[The statement follows:]

STATEMENT OF DARRELL WADENA

My name is Darrell Wadena; I am President of the Minnesota Chippewa Tribe, comprised of six distinct bands (White Earth, Leech Lake, Nett Lake, Fon du Lac, Grand Portage and Mille Lacs). Accompanying me is Mr. George V. Goodwin, Executive Director of the Tribe. We are here to present testimony concerning budget matters in both the Bureau of Indian Affairs and Indian Health Service for FY 1983.

The Tribal leadership together with our fellow tribal leaders across the land have been faced with the painful task of terminating employment for thousands of our members because of massive reduction of funds for certain programs or termination of others altogether through Administration policies embodied in the FY 1982 budget. Moreover, certain BIA and IHS programs, i.e., Indian Action Teams (IAT) and Community Health Representatives have been negatively impacted by these same policies.

While the Administration may defend such policies in the name of "economic recovery", the cold reality in many reservation communities is that thousands of Indian people have been pushed out of gainful employment to join the ranks of the unemployed. In the case of our six Bands, we have been required to dismiss over 500 full time employees. The abolishment of CETA public service jobs accounted for the vast majority of such dismissals. Others were related to the Congressional mandate redirecting IAT, reductions in the CHR programs and the Federal Goverment's inability to refund other social and economic programs due to inadequate funding.

Our Tribe joined several coalitions in an effort to curtail the FY 1982 reductions to the extent possible. In this connection, we appreciate the sensitivity that this Committee has displayed towards adequate funding for those Indian programs falling within the Committee's jurisdiction.

Turning to those programs within your jurisdiction, the Committee is aware the tribes have been afforded an opportunity to influence priority of programs within BIA through Tribe/Agency (T/A) categories. The Tribe/Agency in the BIA's FY 1983 budget has been set at $260,759,000 or less than 30% of the total budget of $890,250,000. We view this as a modest portion out of a budget of almost $900, 000,000.

We request the Committee to closely examine the T/A categories with particular attention to revisions imposed by OMB in such categories as the BIA's FY 1983 budget moved forward to the Congress. Such examination may point to opportunities for increasing the Tribe/Agency categories in favor of tribal priorities rather than those established by the bureaucracy.

Unfortunately, Congress too has altered tribal priorities by either reducing or redirecting T/A categories; most notable was the Congressional action abolishing the sharply-focused approach to tribal resource development through the IAT program concept and transferring the funding for that activity to various functions within BIA. While it is true these increased functions, for the most part, are still subject to tribal contracting pursuant to PL 93-638, we must underscore to the Committee a program momentum has been lost; total jobs have been reduced; administrative problems have occurred because of the need to negotiate new contracts in some instances; and, perhaps most importantly, tribal priority budget-setting has been eroded through this action.

Mr. Chairman, if the concept of Indian self-determination is to have true meaning for Indian people, we ask the Committee to maintain the integrity of the T/A categories and to explore every facet of the BIA's FY 1983 budget with the objective of reducing bureaucratic management and overhead and transferring any savings to the T/A categories.

We were encouraged to note the inclusion of a $10 M item in BIA's FY 1983 budget to finance economic development ventures. Such funds we are told may be used for: (1) initiating business development or natural resources; (2) encouraging private sector involvement; and (3) promoting sound business principles. You are aware that the Administration has successfully wiped out the Indian Desk operation formerly administered by the Economic Development Administration (EDA). Through this special Indian focus, the tribes had good access to grants and loans for planning, technical assistance, capital financing and evaluation in connection with their economic development ventures.

We certainly do not view the BIA's modest $10 M request as a substitute for the more far-reaching EDA Indian effort, and would suggest the Committee increase this amount substantially to make up, in part at least, for the elimination of funding through EDA's Indian Desk.

Only recently we learned that in excess of 3,000 cases will have to be reprobated on the White Earth Reservation. There are no funds in BIA's budget which they estimate should be launched at a $250,000 level in FY 1983. We request an add-on of this amount.

Last week, we were informally apprised of the BIA's Realignment Concept. We have not had an opportunity to study such a concept, let alone evaluate it in terms of its impact on such matters as self-determination, delivery of services, maintenance of the trust responsibility, etc. We strongly urge the Committee to examine the proposal and to be satisfied beyond a doubt that such important services shall not be eroded before permitting the BIA to spend any portion of its FY 1983 appropriation to implement the proposed Realignment Concept.

We were disappointed to note that IHS has failed to include funds in it's FY 1983 budget to continue servicing new HUD and Housing Improvement Project (HIP) homes constructed on reservations and in Indian communities. This action is based on the Administration's proposal to transfer the IHS water and sanitation facilities function to HUD. The Tribe is opposed to such transfer because there is a serious question at this stage with respect to HUD's policy stance and future role with respect to public housing for needy citizens, including Indians.

Informally, the Tribe has been told IHS estimate its needs in this area at $70 M for FY 1983. We ask the Committee to add this amount to the IHS budget to permit them to continue their vital role in the area of Indian housing.

Finally, we are disturbed the Administration has eliminated all funding for the CHR Program in FY 1983. We urge the Committee to restore such funds so that local Indian people may play a role in delivering health services to their own people and to enjoy employment as well. In our case, 38 jobs will be eliminated if the Administration's position prevails.

We appreciate the opportunity to appear before the Committee and are hopeful you will honor our requests.

Mr. WADENA. We are concerned with the economic recovery program of this administration. So far, we have lost about 500 jobs amongst our people back home, and the private sector back there is nonexistent. The biggest single employer, as a matter of fact, is our own tribal government. As a result, there is nothing to replace the lost jobs that resulted as a result of losing the CETA funding and other sources of funding.

Second, we are concerned that less than 30 percent of the Bureau of Indian Affairs budget is located at the tribe/agency level. Because certain funds are allowed to be budgeted at the central office or area office level, we have experienced extreme difficulty in getting these funds appropriated to the agency.

A classic example of this is that fiscal year 1981 protection funds were not received at the agency until July 1981. Many problems were created because funding for the agency programs were allowed to expire. Other examples are funds for land claims investigations received by the agency only last week.

We have to have a more meaningful participation in the budget process. We must have more of the Bureau dollars available for planning at the agency level. We also feel that once the funds are appropriated, the agency must have ongoing monitoring use of the funds. The integrity of the tribal priority system must be maintained at all levels of the Bureau, OMB, and by the Congress. Previously, we placed programs high on the priority system only to have the central office, OMB, or Congress abolish them. As a result, we lost some of our funding base. We urge that the committee give very special consideration to this tribal priority issue.

Third, we support the earlier statement of the Indian American rights fund and ask that it review the problem that we are having on land claims issues. We have a backlog of probate cases that have confounded land title issues. The Bureau recently informed us that they have approximately 3,000 probate cases to review, of mixed blood allottees. We urge that $250,000 be earmarked to allow the appropriate process to be undertaken.

I would submit additional information which we have here with us.

Turning, then, to Indian Health Service, we urge that the committee review the decision to eliminate the CHR program. We stand to lose 38 CHR's if this program is discontinued. We feel that that program is a very vital part of our health issues, and we urge that this committee take a look at that.

We ask that you review the construction funds for water and sewer. As you are aware, this activity was proposed to be transferred to HUD. We oppose this because of HUD's questioned stands on Indian housing. IHS will need about $70 million to take care of the need.

That, Mr. Chairman, highlights my testimony. We may have some additional comments.

Mr. GOODWIN. If I could comment further and highlight the problem created in the early 1900's through bureaucratic mismanagement and bungling within the Department of the Interior, whose legal opinions have since been ruled inaccurate. They created a situation where there is a need to probate as many as 3,000 mixed blood allotments on the White Earth Reservation. This very critical issue is further compounding the conveyances and transfer of properties, not only by tribe members, the tribe itself, but also non-Indians who reside within the boundaries of the 1867 established White Earth Indian Nation.

In asking for the amount of money to be appropriated to do this, we have documents from the Interior Department that further and very clearly define the problem, as well as the agency superintendent from Minnesota, and from our staff people, who spell out different problems that have been created by this erroneous ruling in 1915 by the Department of the Interior's Solicitor, spelling out the massive task that is before us, to probate these 3,000 allotments so that this title question can be resolved. I can tell you that the problem itself is causing tremendous problems within our communities that can only be resolved through these probates' being done.

Senator DECONCINI. What specifically needs to be done? Just handle them and get them completed?

Mr. GOODWIN. The probates all have to be done, Mr. Chairman, which is a massive task that could involve as many as 9,000 people.

Senator DECONCINI. You mean filing the proper papers, getting the judgments, and that sort of thing?

Mr. GOODWIN. To get the clear titles and effectively identify what the problems are with all of these crowded and defective titles.

Senator DECONCINI. Thank you, gentlemen.

PREPARED STATEMENT

We will next hear from the American Indian Health Manpower Development Consortium. William Wilson.

STATEMENT OF WILLIAM WILSON, AMERICAN INDIAN HEALTH MANPOWER DEVELOPMENT CONSORTIUM

ACCOMPANIED BY:

ELIZABETH YELLOW BIRD DEMARAY
ELAINE WALBROEK
JAKE WHITECROW
DOTTIE STARK
RONALD ANDRADE

Senator DECONCINI. Your testimony will be included in the record.

[The statement follows:]

Statement of William Wilson

BACKGROUND:

The American Indian and Alaska Native Health Manpower Development Consortium was formed in January, 1979, as a result of the then, DHEW Secretary's rejection of the American Indian School of Medicine and his subsequent stated commitment to an Indian Health Manpower Development initiative for the DHEW and the nation. Since then there have been twelve meetings around the country involving over 45 Indian health career interests including two meetings in Washington, D.C. with various Federal agencies interested in the development of Indian health manpower. These meetings resulted in a position paper which has been widely circulated and is the basis, in part, for the recommendations in our testimony today.

The Consortium's commitment is the result of identification of barriers to Indian education and the knowledge that nowhere is there a single interest taking a comprehensive look at the problems that have resulted in so few Indians trained at the professional level.

We come before your Committee today with the request: Restore full funding for Indian health manpower to the Indian Health Service budget as authorized in Title I of Public Law 94-437, the American Indian Health Care Improvement Act, and the Public Law 96-537, the Indian Health Care Ammendments of 1980.

JUSTIFICATION:

To produce parity with the rest of the country, there should be 1,667 Indian physicians. At the present time we can document no more than 237 Indian physicians. There should be 450 Indian dentists. The Bureau of Census indicates there are 63 Indian dentists; however the Association of Ameri can Indian Physicians has been able to identify only eight dentists. nationally. These low numbers could be distributed across the board as evidence of the low number of Indian people trained in the health professions.

Through the years, through laws, administrative prac tices, and court decisions, the unique relationship and status between the federal government and the Indian people has been reinforced; however, in earlier years we have seen a trail of broken promises from the Federal government. This is vividly reflected in the poor health status of the American Indian. It is well documented that the American Indian enjoys the lowest level of health care of any segment of the American population. We are happy to reflect that in more recent years it appeared the federal government was becoming interested in fulfilling its promises and obligations to the Indian people.Even so, there are multiple problems associated with securing such funding. For example, in fact this month, though FY 82 funds which were passed in 1981 are still delayed or unattainable.

We do not believe it is necessary to recount the unmet need of health services for the American Indian or the budget amounts that have been presented for operation of the Indian Health Service and other Indian health programs. These are widely available. We know that this Committee is aware that there was a great health need documented prior to the passage of P.L. 94-437, and that given full authorizations, PL 94-437 could have been a start in alleviating the health problems of the American Indian. While full funding of PL 94-437 was never achieved, the modest amounts that were given were sincerely appreciated by the Indian people and good use was made of those dollars.

As to Manpower Recruitment Section 102 here are a few accomplishments during 1980: 40 qualified 102 applications received and out of those approximately half were funded (23). Because of the modest amount involved ($900,000) these programs allowed students from only 65 tribes to participate in the various activities of the 23 funded recruitment programs. The authorized amount for the Section 102 was 1.8 million dollars, which would have been a more reasonable figure and perhaps would have allowed the other 17 applications to have been funded. Without programs such as the Manpower Recruitment Programs in the Indian communities, we feel the Congress will not only lose its initial investment which is currently starting to pay off, but the Indian people will also lose by not having essential Indian health professionals.

For Section 103, Compensating Scholarships, 174 such scholarships were awarded, the majority of these in nursing, med-tech and health administration. Again, only $800,000 was appropriated from an authorized $1.3 million. Under PL 94-437, the Section 103 paid for compensatory education for Indian people for up to two years. Under Section 103 of the Indian Health Care Amendments of 1980, PL 96-537, not only can Indian students be funded for two years of compensatory education but students can be funded for pre-medical education; hwoever, all these students will be lost if there is no continuation fudning.

Section 104, Professional School Scholarships, 390 scholarships were awarded. Having in mind PL 94-437 has been running less than three years as of 1980, still there were98 students that had graduated from the scholarship programs, with 85 of these currently working within Indian Health Service and 13 other working for tribes or continuing on with graduate education. It would appear that PL94-437 is starting to work. The Committee should be aware that there will be no more new starts with the planned phase-out of 104 Scholarships. Indian people are just now starting to aspire to become health professionals as evidenced by the 800 plus unfunded scholarshp applications that Indian Health Service currently has on file.

The National Health Service Corps (NHSC) was funding Indian people to become doctors and dentistis. In 1980, NHSC awarded 49 scholarships to Indian people. Since NHSC is no longer funded, there will be no more new starts.

We feel it is important to point out that scholarship money for Indian people is not welfare, rather money that will be repaid at a later date in the form of taxes from a working individual. This is in line with the concept of Indian self-detrmination as well as the new federalism. Our experience indicates that money provided to Indian people for health professions scholarships and recruitment is not money that is wasted, rather it is an investment. The number of people that are entering health professions from Indian communities is very gratifying economically and will return in tax dollars many times over the initial monetary investment made by the federal government.

Statistics indicate that the vast majority of Indian families annual income fall well below the poverty guidlines as set forth by the federal government. With the continued approach of the federal government in cutting scholarships,there is no chance for the Indian person to develop skills necessary to become a health professional. In 1980, the average 102 scholarship was in the amount of $7,800. The average 104 scholarship was $9,230. That amount of money would be paid back in taxes by the working individual over the next three or four years.

It should be noted that the authorization for Section 104 is tied to Section 225 of the Public Health Service Act which authorizes the award of 104 scholarships. Care should be taken to assure continuation of the 104 scholarships should NHSC not be reauthorized.

As to the Extern Program, Section 105, 221 students served at IHS, tribal or urban Indian health facilities working under the direct supervision of a health professional. Such rural experience is essential in inspiring the medical student to obtain the necessary skills to work in a remote and isolated area. Presently most doctors feel only comfortable in a large medical center with various support systems which are not available in isolated Indian communities. This contributes to the constant turnover of IHS doctors over the years.

This is an exceptionally good recruitment tool so as not only to give the student an idea of practice within these various organizations, but will allow them to maintain their ties with the Indian community while they are in training. Six hundred thousand dollars were appropriated from a one million dollar authorization for Section 105.

Section 106 made it possible for 516 persons to receive continuing education assistance. Many health professionals have indicated that one of the reasons they have not remained within IHS is that they do not have access to continuing education such as professional consultation and refresher courses. By maintaining continuing education allowances for health professionals such as physicians we feel this is a strong retention factor for hard-to-secure doctors and dentists. Only $100,000 was appropriated from a $250,000 authorization.

In closing, we would like to reiterate the promise of the 94th Congress to the Indian people. This contained in the Indian Health Care Improvement Act the following: "That Congress hereby declares it is a policy of the nation in fulfillment of its special responsibilities and legal obligations to the American Indian people to meet the national goal of providing the highest possible health status to Indians and to provide existing Indian Health Service with all resources necessary to effect that policy." Mr. Chairman, we are very uneasy with our closing statement for fear of alienating you and losing all that has been gained todate; however, given the status of Indian health and the extremely low numbers of Indian health professionals, we feel that requesting anything less than those amounts authorized in PL 96-537 would truly not be helpful to meet the serious needs of the Indian people.

Mr. WILSON. My name is Bill Wilson, executive director of the Association of American Indian Physicians. We are a core group, representing the American Indian, Alaskan Native Health Manpower Development Consortium, which is a consortium of about 45 Indian groups involved in Indian health manpower development.

To my left is Dottie Stark, representing the National Tribal Chairmen's Association. To her right is Mr. Jake Whitecrow, executive director of the Indian Health Board. To my right is Elaine Walbroek, and to her right is Mr. Andrade, National Congress of American Indians.

We have, of course, documented all of the information that you need. We would like to highlight several different things. Our major request is that you restore full funding for the Indian Health Manpower Act to the Indian Health Service budget, as authorized by title I of Public Law 94–437, the American Indian Health Care Improvement Act, and Public Law 96–537, Indian Health Care Amendments of 1980.

The reason we are asking for this is at this particular point in time they have already phased out recruitment programs. They are talking in terms of phasing out scholarship programs for Indian people, which is going to be a major disaster in the area of developing Indian health manpower, which we think is very important.

We look at scholarships as an investment because qualified Indian persons working in health will return many times over in tax dollars alone the amount of money he receives in the scholarships. If he is an untrained person, then he will probably end up, I guess the Congress looks at it, in the area of welfare, receiving welfare dollars.

We feel the scholarships will pay for themselves over a short period of time. To go hand in hand with that, we support the recruitment programs. 102's have already been discontinued. They were just starting to pay off, as evidenced by the number of Indian people taking scholarships in the health professions. So we feel it is very vital that the 102's be restored to the recruitment programs.

The 103 scholarship, which was a preparatory scholarship, we think is very important because Indian people are still making decisions late. They have no way of getting funding to continue on to get their master's in sciences. And we think that is an important section and should be restored and fully funded, as well as the 104, which is a professional school scholarship.

The extern program is a recruiting tool for Indian Health Service. Quite often an Indian student going into professional schools will more or less get away from his ties with the tribe and will go other places. By utilizing the extern program, he cannot only go back into Indian Health Service and work for a period of time and learn what Indian Health Service does, but he can maintain his ties with his tribe, which will make him more apt to come back.

Section 106, is something that is very important for Indian Health Service to utilize as a retention factor for the physicians they already have. Quite often, physicians say that they will not stay, or the health professionals do not stay because they are not able to take advantage of continuing education.

So this is a benefit we think is very useful in the area of retention. Our programs are currently on month-to-month funding. You probably have heard prior testimony by the Indians in the medicine program; they feel that some of their funds have been withheld. We support INMED in their testimony and would like for you to look into the fact that perhaps this is going on.

Senator DECONCINI. Have you had an explanation from the Indian Health Service, as to why the money is being released on a monthly basis? They say it is OMB?

Mr. WILSON. Yes; Indian Health Service indicates that OMB has tied their funds up, so that consequently they have to go on a month-to-month basis.

Senator DECONCINI. Did they give you any substance for that? Did they show you an order or memorandum?

Mr. WILSON. It is all verbal. Quite often, unless you want to get into a direct confrontation, you do not argue with them.

Senator DECONCINI. I have been down that road myself. We will try to check into that.

Mr. WILSON. We thought we would call it to your attention.

Senator DECONCINI. It is important for your plan?

Mr. WILSON. Yes, it is.

Senator DECONCINI. What has happened with the idea of Indian medical school? Has that been put aside, or have you been involved in the planning of that?

Mr. WILSON. Yes, sir. Actually, that is what generated the consortium which we represent today. Going back several years, to Public Law 94-437, title VI authorized a feasibility study for an American Indian School of Medicine. The feasibility study was completed and sent to the then Secretary of HEW, Secretary Califano, saying it was feasible and should be done. Secretary Califano sent the study forward, saying "Let's don't do it, and I will do two other things instead; I will develop more Indian health professionals and I will get more health professionals to serve Indian people."

So, from that point on it was very hard to get any moneys for an Indian School of Medicine.

Senator DECONCINI. Do you think that that commitment has been met?

Mr. WILSON. The commitment has never been met. The law indicated that Indian health enjoyed the lowest health status of any segment of the U.S. population.

The plan was for 7 years, to rectify this through appropriations. Public Law 94–437 was funded at a very low level; and at the point that we are today, we are probably at the same point we were in 1975. We still enjoy the lowest level of health care.

Senator DECONCINI. So the need for the Indian Medical School is still there?

Mr. WILSON. The need for an Indian medical school is still there, yes, sir.

Senator DECONCINI. What program did Secretary Califano indicate would supply those necessary personnel?

Mr. WILSON. That was verbiage which we could never find. He indicated he would have an initiative through HEW, which never came.

At this point, again, we can see that everything that was actually being talked about is being deleted, cut out, and dropped.

Ms. Walbroek indicated we should talk about the National Health Service Corps. The section 104 scholarships are tied to the National Health Service Corps. We would not like the section 104 scholarships to go down.

Senator DECONCINI. Thank you.

Mr. WILSON. Thank you, sir.

Senator DECONCINI. Our next witnesses will be the Alamo Navajo School Board, Dr. William Berlin.

STATEMENT OF WILLIAM BERLIN, ALAMO NAVAJO SCHOOL BOARD

ACCOMPANIED BY:
    WALTER APACHITO, PRESIDENT
    ARCHIE APACHITO, MEMBER

Mr. BERLIN. I would like to point out that Walter Apachito, president, to my right, and Archie Apachito, school board member, and who will serve as an interpreter for Mr. Apachito should you desire to inquire of him.

Senator DECONCINI. Thank you.

Mr. BERLIN. We appreciate this opportunity to testify today. We would like to point out that Alamo school is a K–12 operation. We serve over 300 Navajo students on the reservation in a day school setting. We stand by ready to serve the additional number of students, approximating 150 to 170 more students, who are currently attending the boarding school in Magdalena, should they desire to return to the day school setting.

My name is Bill Berlin, executive director of the Alamo Navajo School Board. At this point, I would like to present correspondence with Dr. Rhoades of the Indian Health Service. This came about as a result of a meeting yesterday. We had no opportunity to prepare it in advance for inclusion in the written testimony.

It purports to show our need for an appropriations supplemental for this fiscal year. I would like for it to be included in the record.

[The information follows:]

LETTER FROM WALTER APACHITO, PRESIDENT, ALAMO NAVAJO SCHOOL BOARD, INC.

FEBRUARY 24, 1982.

DR. EVERETT R. RHOADES, M.D.,
Assistant Surgeon General, Director, Indian Health Service,
Room 5A-55, Parklawn Building, 5600 Fishers Lane, Rockville, Md.

DEAR DR. RHOADES: Today I met with your health care administrative branch chief, Mr. Robert Thurmon, Mr. Jack Gasebolt, Office of Program Planning Director and a representative of Ms. Leah Exendine, Indian resource liasion staff director, Mr. Birch, concerning the transportation from Albuquerque and erection at Alamo Navajo Reservation of two portable, prefabricated buildings which would replace the woefully inadequate ambulatory care facility now at the site. I requested this meeting in order to confer with your representatives regarding a very necessary request for a fiscal year 1982 appropriations supplemental in the amount of $10,000.

During our meeting, Mr. Thurman advised that I write and provide you detail background regarding the urgency and purpose of this request. Upon my return to New Mexico this Friday after presenting testimony to the House and Senate Interior Appropriations Subcommittees on the Bureau of Indian Affairs and Indian Health Services budgets, I will submit, in writing, with copies to Mr. Harwood, the Albuquerque area director, this detail as instructed by Mr. Thurman.

On behalf of all the residents of the Alamo Navajo community, I assure you that provision of these facilities during fiscal year 1982, will serve to ameliorate this now unmet need of the community.

As discussed during the meeting, I will pursue with the Albuquerque area office those details necessary to meet the deadline attendant to the fiscal year 1982 appropriations supplemental markup.

Thank you for your attention to this matter of importance to the Alamo Navajo community.

Sincerely,

WALTER APACHITO,
President.

Mr. BERLIN. Our first point is the need for a formula with which we could receive those funds for direct administrative overhead costs for school operations. We believe the need for this formula has existed for a long time for our contract schools. We want to point out that this is an agreement with congressional intent of Public Law 95-561.

In the school operation subactivity, we further feel that the intent was to make certain that schools would receive the same funding level as would the Department had it operated the school. For these purposes, to meet this anticipated funding level, we are requesting a fiscal year 1983 add-on in the amount of $112,000 to defray the costs incurred from renting the school facilities that we use for classroom space. That is necessary to operate the school.

We believe that this could be done under the new direct rent line item in the facilities' management activity, which heretofore had not existed for these purposes.

We generally support the administration's request for budget reductions and economies in Government. We believe that specific program dollars in the current budget request could be saved, in addition to those indicated by the Bureau, if we were to examine the request for an $884,000 study for the evaluation of Public Law 95-561, which, for reasons not specifically spelled out, are to be directed toward implementing the decentralization of the central office of Indian education programs.

It is our belief that this phase-out of some of the central office programs may well produce money that could go for the direct overhead costs of contract schools. The distribution of funds we believe, in the matter of contract support, the mere increase of funds from $27.3 to $30.3 million, while very commendable in terms of increasing the amounts needed, does not purport to address the problem which we have already mentioned. We believe it circumvents the intent of Congress to provide a fair and equitable distribution of funds for school purposes.

The administrative lump sum agreement that was proposed by the Bureau of Indian Affairs in this past year was totally unacceptable. It merely puts the problem off in another area. It does not address the problem. It makes it necessary for the contracting officer to negotiate with each contractor. This makes it very competitive.

The resultant formula we believe would have four major effects should we have one established. It would allow your committee to realistically assess the costs of funding schools. I think that it would give the contract schools the opportunity to know in advance its administrative needs. It is virtually impossible to plan a schoolyear without knowing how many dollars you have to operate with. We believe that it would also reduce the costs that would occur as a result of the negotiation.

PREPARED STATEMENT

Senator DECONCINI. I am sorry that I cannot listen to all of your testimony, but I can assure you it will be put in the record, and we would express our thanks to the board members for taking the time to be here. It is only due to time constraints and wanting to let everyone have an opportunity to testify that we have to restrict people to such a short period of time.

I can assure you that the fact that you are here and a couple of board members took the time will certainly reflect on your presentation.

Mr. BERLIN. Thank you. We appreciate your attention and consideration.

[The statement follows:]

STATEMENT OF DR. WILLIAM BERLIN

Mr. Chairman, we appreciate this opportunity to testify today. With me is Walter Apachito, President of the Alamo Navajo School Board (ANSB), which is a not-for-profit organization chartered by the Navajo Nation and the State of New Mexico for the purpose of operating a K-12, on-reservation grade school. Beside him is Abe Plummer, who will serve as interpreter, if desirable. In existence since October, 1979, ANSB now serves 300 students and has agreed, as witnessed by the attached Alamo Chapter Resolution, to serve an additional 179 Navajo students upon the closing of the Magdalena Dormitory, a closure recommended by the draft study of schools on the Navajo reservation. (Reference Attachment B to this statement, which states the cost savings through such closure/consolidation to be $31,000 per student).

My name is Bill Berlin. I am Executive Director of ANSB. We are here to comment on the School Operations Subactivity, particularly the Congressional intent of PL 95-561, the Education Amendments of 1978 at Section 1128, specifying development of a formula for tribally-controlled schools contracting BIA education programs, and on the Construction Activity, particularly Section 106(h) -- administrative provisions pertaining to sections 102 and 103 of PL 93-638, those stipulating that such building lease payments will be borne by the appropriate Secretary at not less than an amount otherwise provided for his direct operation of the programs. ANSB, therefore, is requesting an appropriation in the amount of $112,200, for purposes of underwriting this administrative overhead cost, from the New Direct Rentals line item of the Facilities Management Activity.

We generally support the administrations appropriation request in these areas, an acknowledgment of the national interest of reducing the inflation and budget deficit rate, while believing that re-programming of specific dollar requests in the FY 1983 BIA Budget is in the interest of this administration's emphasis on decentralization of the functions of government. For example, the $16 million General Overhead Cost Reduction proposal may represent less savings to the Treasury than it initially appears, if this Subcommittee approves the $884,000 request for a management evaluation under the School Operations Subactivity. On the other hand, the Congressionally mandated new General Administration Program Management Activity, including Education Management, by requiring an accounting of functions supported by the appropriation, could serve to provide line-item reduction of Bureau personnel costs as similar administrative overhead burdens are assumed by schools contracting the programs.

Regarding development of a formula for distribution of administrative overhead costs incurred by contract schools such as ANSB, rather than reflecting the development of a satisfactory system for determining such costs, the FY 1983 Budget Request simply requests an increase from the FY 1982 level of $27.3 million to $30.3 million. This is accomplished by stating at page 66 of the FY 1983 Budget Justification that "...under certain conditions, lump sum payments for incremental costs may be negotiated by the Bureau...." Our opinion is that the Bureau is circumventing the intent of Congress established under the broad authority of PL 93-638, and the specific mandates of PL 95-561, regarding recovery of overhead costs associated with the contracting of Bureau programs and the formulation of educational standards. Given this opinion, and following issuance by the Bureau during September 1981, of revised Guidelines for Negotiation of Lump Sum Agreement for the purpose of contract schools' recovery of these overhead costs, I submitted written comments suggesting specific modifications, as requested; however, to date, I have neither received a written response to my October 1981 submittal nor notification of a Federal Register formal written comment period. (Legal counsel advises me that such publication would be consistent with the Administrative Procedures Act as interpreted by a unanimous Supreme Court in Ruiz vs. Morton, 415 U.S. 199 (1974)). I have most recently written the Bureau on February 8, again requesting a written response, and those documents are affixed as Attachment C to this statement.

Briefly, ANSB's opinion is that the interim lump sum agreement guidelines reissued during September 1981 do not provide an acceptable basis for negotiation of these incurred, administrative overhead costs, precisely because a formula is lacking to guide Bureau Contracting Officers in their negotiations. Absent the formula mandated by PL 95-561 at Section 1128(a)(1)(D), individual contract officers must discretionarily interpret the existing "guidelines" document, with result being a lack of consistency in recovery of these costs and a subsequent impreciseness in the estimate of the Contract Support Fund line item, this tending to result, during previous fiscal years since enactment of PL 93-638, in cash shortfalls to contractors due to under recovery -- unless the Appropriation Committee added to the Budget Request for this line item. All of this has a tendency to discourage he Congressional intent of PL 93-638, which is for tribal organizations to ontract Bureau programs. Our recommendation is a Federal Register prescribed written comment period, and a resultant formula for the determination of recovery of administrative overhead costs which would yield these significant purposes: (1) to allow this committee to assess realistically the adequacy of the appropriations request, (2) give contract schools a much needed opportunity to know and plan in advance each year's administrative needs, and (3) to reduce the costs presently incurred because of negotiation for these administrative overhead costs, which, then, would simply be allocated by the formula.

A further curtailment from ANSB's potential administrative capabilities we have noted during our short two year school history, results from inability to recover rental costs of leasing nine, prefabricated, metal buildings. These provide our 300+ students with classroom space, but at an additional cost from the direct instructional fund base, in excess of $100,000 a year during the interim of awaiting new campus construction. The Bureau has calculated, in the previously mentioned draft study of schools on the Navajo reservation, a $31,000 per student savings to the U.S. Treasury from day school versus boarding school attendance; this combined with a $10 million increase in the FY 1983 Budget Request for Facilities Management, including a line item for new Direct Rentals in that Activity, encourages me to urge this Subcommittee to include in this Activity, ANSB's rental costs until such time as new campus construction may be completed. This action would be in compliance with Section 106(h) -- administrative provisions pertaining to the amount of funds provided under the terms of contracts entered into pursuant to sections 102 and 103 of PL 93-638, stipulating that such lease payments will be borne by the appropriate Secretary at not less than an amount otherwise provided for his direct operation of the program. In this regard, affixed as Attachment D to this statement is a recent correspondence copy to the Navajo Area Director discussing the Bureau's cost obligations for both continued leasing and outright purchase. The discussion with the Area Director pointed out that an immediate purchase @ $281,904 would save $247,531 in cumulative interest payments, under the present lease terms costing $112,200 per year. Absent a FY 1982 supplemental appropriation request to purchase the buildings, as we have discussed with the Area Director, lease renegotiation is desirable in order to reduce the yearly cost by approximately 50 per cent, to $66,180. The authority for absorption of this cost through the administrative overhead budget is as cited, Section 106(h) of PL 93-638, with appropriate Budget Activity category being at page five of the FY 1983 Budget Request, under Facilities Management, as follows: "this program includes the rental cost for facilities, operation and maintenance of all facilities including those used for Indian contracted programs..." (Underscoring added for emphasis). Congressionally mandated administrative costs attendant to tribally-controlled school contracting of BIA education programs are a necessary ingredient in BIA appropriation -- much more so, for example, than "an increase of $884,000 for management evaluation of the implementation of PL 95-561." It should further be noted that, "this increase would provide funding to Areas and Agencies to begin implementation of the recommended improvements determined by the evaluation, as well as additional funding to assume responsibility for functions being decentralized from the Central Office, OIEP." (Reference page 27 of the FY 1983 Budget Request.)

Given that the procedure for determining student count at contract schools is quite straightforward, involving use of standard forms for enumeration, and is subject to on-site monitoring by Agency personnel prior to Agency Superintendent certification of the count; might this budget request, if appropriated, serve to circumvent the overall austerity intent of President Reagan's FY 1983 by lessening the impact on Bureau personnel of the proposed $16 million General Overhead Cost Reduction?

Finally, regarding the Construction Buildings and Utilities Activity, ANSB finds the narrative statement, at page 165 of the FY 1983 Request, reflecting hard, but necessary, realities of giving consideration to economies of scale in facilities construction planning, as well as recognizing the further economic reality -- and necessary direction of Indian self-determination in education -- as stated in the draft study of schools on the Navajo reservation. Affixed to this statement as Attachment E, the report states, "...when the costs and savings are computed it can be seen that day schools are much cheaper to construct and operate than are boarding schools." The Alamo Navajo Chapter, in essence, has proposed a method whereby educational efficiencies can be realized, where Navajo children can learn in a day school atmosphere conducive to better learning, and where jobs need not be lost to Navajo employees of boarding or dormitory schools now subject to the phased closure. As depicted by the Resolution in Attachment A, the work of these individuals is necessary to service the growing number of day school students in attendance at the increasing number of contract schools.

It is our firm conviction that ANSB can construct the kind of educational system intended by the Congress in enactment of PL 93-638 and PL 95-561, and we hope that you will assist us by incorporating the recommendations from this statement into your FY 1983 appropriations decisions. Again, we are appreciative of the time you have given us today to present our recommendations.

Thank you.

Senator DECONCINI. Next we will have the Blackfeet Tribe, Mr. Earl Old Person.

STATEMENT OF EARL OLD PERSON, CHAIRMAN, BLACKFEET TRIBE

ACCOMPANIED BY JIM KENNEDY, DIRECTOR, BLACKFEET TRIBE HEALTH BOARD

Mr. OLD PERSON. I am the chairman of the Blackfeet Tribe of Montana.

And to my left is Jim Kennedy, the director of our health board on the reservation.

I, again, want to express our appreciation for having this opportunity to testify before your committee. I have been coming back for approximately 15 years now for this project that we are requesting.

I think every issue that comes before you is very vital to the Indian people. One in particular is the project I am talking about, our health facilities on the reservation. It is very important to the Indian people today as far as the health problems are concerned. We, as the Blackfeet, have realized this within Montana, and especially during the wintertime. I guess I do not have to elaborate on that too much. You are aware of that area. It could get very severe in the wintertime which makes it doubly difficult to provide health care on the reservation, especially if we have to bring our people to other areas for their treatment.

We are asking for the first phase of construction funding which is about $9 million. It does not necessarily have to be the $9 million.

Senator DECONCINI. Your statement indicates as low as $4 to $6 million. Is that what your design architect-advisers view as the minimal amount?

Mr. OLD PERSON. Yes; they have that pretty well worked out.

Senator DECONCINI. Are plans completed for the whole project now?

Mr. OLD PERSON. Yes; I think that they are pretty much ready to get started.

I would like to have Jim Kennedy, our director, elaborate a little bit more on this particular subject.

Mr. KENNEDY. To more clearly answer your question, on the A. & E. firm, we have working very closely with the way to go with their final design on this facility. And it would be ready January 1983, to have a completed product to present to OMB, IHS, and PHS for their final approval. If we could get that in place, then we would be ready for a bid by March. We would be ready to start advertising by March 1983.

Senator DECONCINI. That is why the $9 million is not necessary, because you would not be spending at all next year.

Mr. KENNEDY. One other thing I would like to bring to your attention is movable equipment. Movable equipment is a very vital part of this, for the simple reason that some of the equipment has to be put in place to build around it, like X-ray machines. It has to be there, and it is a part of phased construction costs.

We would like to get started for site preparation, cement work, and that type of work. The $4 to $6 million can be worked out with IHS as to an exact figure on this.

I would like to call your attention to the very last paragraph of the testimony. Last year I brought it to your attention, but we are requesting that this committee request IHS to establish a billing system to handle third-party payments and also to develop a spending plan using these dollars at the facility from which they were generated. I know that IHS has been approached on this. Nothing has ever been done.

The reason that we bring it up is that we have programs that have health insurance.

Senator DECONCINI. We are aware of that. I am glad that you have again brought it to our attention.

We have, on two separate occasions, put that in our report language. We are very disappointed that it has not been implemented by IHS. Hopefully, we will succeed if we do it once again. We are glad to see you are still as concerned about it as we are.

Mr. KENNEDY. It is a loss of $300,000 a year.

Senator DECONCINI. Is that what it amounts to for you annually?

Mr. KENNEDY. Right.

Mr. OLD PERSON. With that, we again want to thank you for this time.

Senator DECONCINI. We thank you. Your diligence and efforts here may pay off. I am very discouraged that there is not enough construction money in the budget, but we appreciate your testimony and will give it careful consideration as we go through this very trying time.

Mr. OLD PERSON. I think you have within your records—not today, but within other records—a little more detail as to what the needs are and what the old facilities were, and this the reason we are requesting this.

Senator DECONCINI. Thank you, Mr. Old Person.

Your written statement will be placed in the record.

[The statement follows:]

Statement of Earl Old Person

Honorable Chairman, my name is Earl Old Person, Chief and Chairman of the Blackfeet Tribe. Through me, the Blackfeet People would like to thank you for the opportunity to testify on behalf of the long awaited request for modernization of the existing health care facility, located on the Blackfeet Indian Reservation in northwestern Montana.

The Blackfeet Tribe would like to begin by thanking you and the Appropriations Committee for the outstanding work on behalf of the Blackfeet Tribe, and its attempts to secure a modern health delivery facility for the people living on the Blackfeet Reservation.

There is a deficiency in the availability of comprehensive health care services in the Blackfeet Service Unit affecting the people of the Blackfeet Reservation. In FY81 Congress appropriated funds for design of the new facility. The architects have been selected and are developing the design. Construction will be ready to begin in FY83. We are therefore requesting funding of Phase I of the replacement of the existing inpatient and ambulatory care facility, and modernization of the existing health care facility to serve the Indian people in the northwestern section of Montana.

We have been working closely with our architects, IHS, and HHS to agree on the amount of square footage and the general needs of the facility. IHS has informed us that it will require $9,300,000.00 in FY83 for first phase construction to begin in that year. A breakout of the cost estimate is as follows:

	FY82	FY83	FY84	TOTAL
Design	$1,050,000			$ 1,050,000
Construction		$8,000,000	$5,600,000	$13,600,000
Moveable Equip.		1,300,000	2,700,000	4,000,000
	$1,050,000	$9,300,000	$8,300,000	$18,650,000

However, after discussion on the proposed cost and the time elements with the A/E Firm, we feel that because construction will not begin until mid-year in FY83, actual first phase could begin with a lesser amount, perhaps $4 to $6 million.

When the Appropriations Committee first considered funding the Blackfeet's request for a replacement the cost was projected at approximately six million dollars total. Inflation has caused the price to triple as the price is now set at approximately 18 million dollars. The Blackfeet Tribe supports President Reagan's efforts to stabilize the Nation's budget. However, we are fearful that if we wait much longer the price of building a replacement facility will once again escalate. It is also our hopes that the President's statement, "the truely needy will not suffer," holds true. Based on the Blackfeet Tribe's testimony for the last 15 years, we have documented through statistics that the Blackfeet People are "the truely needy," yet they still suffer due to inadequate delivery of health care.

The existing health facility at Browning is a 34 bed hospital which was constructed in 1934. A new inpatient addition was built in 1960. The recent increases in ambulatory care have led to overcrowding of both patient care and ancillary service spaces. The facility does not meet current national code requirements and Indian Health Service functional standards. The Joint Commission of Accreditation of Hospitals (JCAH) in 1964, 1966, and 1968 has cited numerous deficiencies in the physical plant. A "master plan" was completed in 1975, which stated that replacement of the existing facility was required to meet the J.C.A.H. and I.H.S. functional standards.

WORKLOADS

	Existing Facility 1981 Actual	New Facility Estimate 1987
Admissions	1,762	2,000
Average Daily Load	18.1	21.2
Average Length of Stay	3.9	3.9
Outpatient Visits	46,747	50,000
Population	6,181	6,584

In support of curbing the financial burden that is placed on the Federal Government for health services, the Blackfeet Tribe is requesting the Committee to direct I.H.S. to establish a system to handle third party pay, private health insurance. And to establish a spending plan using these dollars at the local Service Unit or Hospital from which these funds were generated to help increase revenues to operate that I.H.S. Facility.

Senator DeConcini. And next we will have the Fort McDowell Indian Tribe, Chairman Austin.

STATEMENT OF NORMAN AUSTIN, CHAIRMAN, FORT McDOWELL MOHAVE-APACHE INDIAN TRIBE

ACCOMPANIED BY JEANNIE KOONZ, PRESCHOOL DIRECTOR

Mr. Austin. Thank you, Senator.

Thank you, Mr. Chairman, members of this Senate Appropriations Interior Subcommittee.

I am Norman Austin, chairman of the Fort McDowell Tribe. I would like to express our sincere appreciation for the opportunity to appear before you to issue a statement of concern for our preschool program.

We are requesting earmarked funds in the amount of $85,000 for our school. We have been zeroed out in the administration's budget for fiscal year 1983. We were funded under BIA Public Law 93–638.

Our children will run unattended on the reservation until they are 6 years old, and then they will be bused 50 miles to first grade in a traditional white school.

We are the only school on the reservation in Arizona that is not funded for fiscal year 1983. I would like to see that we are funded again.

Why is BIA doing this to our Indian children? Why?

Thank you.

If there are any questions, you could ask Jeannie Koonz, director of our preschool.

Senator DeConcini. We are aware of the problem, Chairman Austin.

The staff advises me that BIA has never proposed the preschool regulations which are required.

We would like to see the BIA meet its responsibilities. I quite frankly do not know why they have not. We will ask the staff here to make another inquiry.

I think if they would come up with the preschool regulations, then at least we would see what their attitude is toward funding it.

Thank you very much. Your written statement will be placed in the record.

[The statement follows:]

Statement of Norman Austin

Thank you Mr. Chairman and members of the Interior Subcommittee on Appropriations for fiscal year 1983 budget. My name is Norman Austin, I am chairman of the Fort McDowell Mohave-Apache Indian Reservation. On behalf of our tribal council and members of the tribe, I would like to express our sincere appreciation for the opportunity to appear before you, to issue a statement of concern for our preschool.

We have been informed tht our tribal preschool will close in the fiscal year 1983 due to current budget cuts. We are excluded from the Department of the Interior budget for fiscal year 1983. There will be no shcool at Fort McDowell. There will be no education for our children. We have been dropped. As a result, our children will run unattended on the reservation until they are 6 years old. Then they will be bused 50 miles to a first grade in Mesa to a traditional white school. They will be expected to conform to the majority society culture without preparation.

The Fort McDowell school serves all the young children of the Fort McDowell Reservation aged 0–6. Forty-six children are currently in the program (total reservation population is 390). This parent initiated program began in 1974. Prior to this time, children were dumped into first grade in a traditional school system a 1-hour bus ride away from their isolated reservation home.

The Fort McDowell educational program has been model project for the past 8 years. Prior to the preschool's inception, the young children of the reservation were set up for failure in the traditional primary schools. The confusion and cultural shock of the Indian children is evidenced in pass-retention performance.

The drop out rate between 1967–74 was 70 percent. The drop out rate after the Fort McDowell preschool began continues to be zero. The 100 percent retention rate reflects our parental support and may have future effects on the high school graduation rate.

Additional data (November 1981) shows that the Fort McDowell program had much positive impact upon successful performance in public school in the areas of grammar (language arts), math and reading. Fort McDowell preschool graduates scored above the national average in all areas and significantly above average in grammar scoring at an 8 stanine level. The Fort McDowell preschool has prepared the young children to not only weather their encounters with public education but to enable many to thrive in the majority society yet preserving their cultural heritage.

The Fort McDowell preschool was funded 100 percent under the Department of the Interior, Bureau of Indian Affairs. Implications of the zero funding level slapped to us are: one, school closure—no education program; two, project increased primary school drop out; and three, lack of preparation for first grade school entrance possibly resulting in the destructive cycle of school failure, dropping out, getting into serious trouble, being shipped off to boarding schools.

The Fort McDowell Reservation is asking that our funding be restored or that the Bureau of Indian Affairs identify alternate sources of funding. We are requesting any information you can give us concerning a proposed master plan safety net program suggested by David Stockman. This plan, not contrary to President Reagan's economic policy was to have assured that programs such as our small yet highly successful on at Fort McDowell were not abandoned.

Thank you gentlemen for your patience and indulgence.

Mr. AUSTIN. Thank you.

Senator DECONCINI. Next we have—we have the Gila River Indian Community.

STATEMENT OF ROD LEWIS, GENERAL COUNSEL, GILA RIVER INDIAN COMMUNITY

ACCOMPANIED BY:
ANCIL MASHELDY, COUNCILMEN
HARRY GRUIG, COUNCILMEN

Mr. LEWIS. I am the general counsel for the Gila River Indian Community.

With me this afternoon are our two councilmen. To my immediate left is Ancil Masheldy and to my extreme left is Harry Gruig.

Dana Norris, the governor, was unable to be here this afternoon. He was called back to Arizona on a medical emergency.

We are here today for three concerns: the first concerns the San Carlos Indian irrigation project; the second is the Sacaton Hospital; and the final concern is the community health representative program.

We are here to seek funding for rehabilitation of the San Carlos Indian irrigation project. The project is the primary water delivery system for the Gila River Indian Reservation.

As you know, agriculture is a basic economic enterprise on the reservation. Unless we are able to farm a great amount of land on the reservation, this certainly interferes with the quality of life on the reservation.

The San Carlos Indian irrigation project was authorized in 1924. Since 1924, the project has been consistently inadequately funded. Originally, it was poorly designed. At this moment much rehabilitation needs to be initiated. As a result of the ineffective water delivery system, certain parts of the reservation cannot be served.

We think, with the plan we have proposed here, that at least two of the bottlenecks can be cured. We propose funding in three separate phases.

The first concerns an appropriation to begin immediate construction and rehabilitation of the immediate corrective needs which need to be funded.

The second concerns a reconnaissance survey of not only the San Carlos Indian irrigation project but also the entire reservation. To accomplish this reconnaissance survey, we need additional funding.

The final proposed solution is an additional appropriation for preconstruction activities and a comprehensive plan for the reservation to include the San Carlos Indian irrigation project. This is an immediate need, especially when we consider that the central Arizona project water may be coming to the reservation in the middle of the decade.

The second concern we have relates to the Sacaton Hospital. We have been informed by the Indian Health Service that the Office of Management and Budget has not authorized release of the $699,000 which was intended to go for initial planning and design in the Sacaton Hospital.

We on the reservation have selected a site. We have formed committees. We are attempting now to go forward and select architects and engineers to begin this initial design and planning. However, because of the lack of funds, we cannot get started. We are anxious to begin this process. Hopefully, with your assistance, OMB can be persuaded to authorize release of these funds.

The last concern we have is the CHR program, and we certainly need that program on the reservation and we strongly support it. It is doing a good job.

Senator DECONCINI. Mr. Lewis, thank you.

I am very disturbed that OMB has not released that money. We will personally contact them and send them a letter to ask them for an explanation. I do not know why they are not releasing it. It is a terrible imposition after you have waited so long. Now we finally have it, but it is no good if they do not give you the money to start the planning.

The community has certainly responded with the participation of its members in selecting a site. I think that we have to get moving on this. It is already authorized, budgeted, and appropriated. We will be doing some work on that and keeping you advised. Any suggestions you have we will be glad to hear.

Thank you very much, gentlemen.

Tell the chairman we hope his health is all right.

Next we will have the Riverside-San Bernardino County Indian Health, Inc.

STATEMENTS OF:

MS. ADELAIDE PRESLEY, RIVERSIDE-SAN BERNARDINO COUNTY INDIAN HEALTH, INC.

DENNIS MAGEE, INDIAN HEALTH COUNCIL, INC.

Ms. PRESLEY. In the interest of saving time, Riverside-San Bernardino Indian Health and Indian Health Council, Inc., who are next to testify, will be presenting joint testimony.

Mr. MAGEE. I am Dennis Magee from the San Diego program.

Senator DECONCINI. Are these programs together. Do they work together?

Ms. PRESLEY. We are adjacent to each other in Southern California.

Senator DECONCINI. But you are independent, separate programs?

Ms. PRESLEY. Yes.

Senator DECONCINI. Do you share any facilities or any staff?

Ms. PRESLEY. Not at this time.

Mr. MAGEE. Ideas, administration, hence help. And we share our problems, too; so we do a lot of things jointly. That's why we wanted to save time on this. It is basically the same thing we will both be saying.

Senator DECONCINI. Thank you.

Mr. MAGEE. We are not here to request any more appropriations under the Indian Health Service budget, but rather to express our feelings in terms of what this committee can do to influence or to look into the situation of how Indian Health Service allocates their money to California and subsequently down to our two programs in Southern California.

As a result of the committee's work here, last year we were able to receive some equity health care funds in our programs, and we were able to improve our services substantially, roughly around 40 percent of the patient visits. We realized that increase in the patient visits over the last year with the equity health care money. This year, as we are experiencing the budget cuts, we are starting to slide back down. We are presently in levels four and five, about 20 to 40 percent of the unmet health needs in our areas. And again, as I say, the cuts that are coming through are really affecting the programs.

We have been relying a lot on community resources, fund raising, that type of thing for support. Facilities were all built from resources from the community.

We have approached other funding agencies, United Way, State, county, private funds, foundation grants. And we feel that we have pretty much justified ourselves in terms of splitting the responsibility between the Federal Government and the local level.

It seems to me that it has been traditional over the years that California seems to be receiving a fair share of equitable cuts. We never seem to receive the fair share of equitable funding, and we are fairly concerned about that.

Maybe Adelaide would like to express some thoughts on that.

Ms. PRESLEY. We would like to urge continued support of the equity health care funding. In view of the cutbacks to the tribes across the

Nation, we recognize they will be facing serious problems also. We are concerned that IHS has done nothing to reallocate resources. We also would like to request your continued support of the CHR program. We feel it is vital and essential in rural isolated areas, and it is very cost effective. Our CHR's are licensed by the State and they all have medical skills that are really vital to our program.

We would also like to request that California be considered for the facilities priority list. Again IHS has built no facilities in California. We have raised our own funds and built our own facilities, which we rapidly have outgrown. As Dennis mentioned, we have really pretty well saturated the volunteer market in our areas, and we think that it is time that the Federal Government share some of those funds in California.

Senator DECONCINI. How many CHR positions do you have?

Ms. PRESLEY. I have 8 at the present time, and I believe Mr. Magee has 10. We have already received a 21-percent cutback in our CHR programs.

Senator DECONCINI. How many did that amount to?

Ms. PRESLEY. At this point in time we have taken the funding from other programs, because it is so vital.

Senator DECONCINI. So far you have kept it at the same level.

Ms. PRESLEY. We understand that the cutbacks were only 12 percent nationwide, and we are concerned that we were cut 21 percent.

Senator DECONCINI. That is correct, it was 12 percent, and then there was an additional 4 percent across-the-board cut imposed on all programs on the floor of the Senate.

Ms. PRESLEY. We received a 21-percent cutback in the CHR program and 5 percent in all of the other programs, including the equity health care funding, and we are concerned that maybe that should not have been cut also.

PREPARED STATEMENT

Senator DECONCINI. Thank you very much.

Your prepared statement will be inserted in the record.

[The statement follows:]

STATEMENT OF ADELAIDE PRESLEY AND DENNIS MAGEE

This joint testimony is presented to the Appropriations Sub-Committee on Interior and Related Agencies by the Boards of Directors of Riverside-San Bernardino County Indian Health, Inc. (hereinafter R-SBCIH) and Indian Health Council, Inc. (hereinafter IHC) and is presented by Adelaide Presley, Executive Director of R-SBCIH; Rose Hatfield, Chairman of the Board of IHC; and Dennis Magee, Program Administrator of IHC. Both health programs are tribally-controlled, Indian-operated and together serve more than 26,844 Indians residing on or near twenty-seven (27) Indian reservations in Southern California through contracts under P.L. 93-638 with the Indian Health Service (IHS).

Both groups are appearing to thank this Committee for its continued support of the Equity Fund; to request added funding through the Equity Fund in an amount sufficient to bring them to Level III where only 60% of their needs would be unmet; to request that the use of Equity Funding not be restricted to certain limited categories; to request that the Committee continue to require IHS to reallocate its base budget and to monitor IHS's progress in doing so; to advise the Committee of the devastating effect of the budget cuts on their health programs; and to request once again that funding be added for facility expansion for both of these programs.

I. EQUITY FUND: First we wish to thank the Committee for its provision of the Equity Fund in FY 1981 and 1982. Our two programs received the largest proportion of these funds in California in FY 1981 and we were able to significantly expand our services and to reach a larger portion of our service populations as a direct result of having Equity Funds which brought us up to the level of having only 80% of our needs unmet. The largest portion of our Equity Funds were used in the contract care category for providing inpatient and specialized services for our patients. Previously our patients had to be referred to the IHS hospital in Phoenix, several hundred miles away, for inpatient care which was a totally unsatisfactory means of obtaining care due to its inaccessibility and the attendant problems with follow-up treatment and continuity of care. Now we are able to provide inpatient and specialized care that is relatively accessible to the Indian communities that we serve. This care was formerly unavailable to the Indians in our service population. In addition, we have been able to significantly expand the ambulatory care services we provide. R-SBCIH has expanded its medical laboratory services, community health nursing, and has added mental health, environmental health, social services, and an alcoholism program, all of which were formerly unavailable. Similarly, IHC has added public health nursing, environmental health, social services, optometric services and has increased its dental services, its community health representative program, and its ambulatory care. All of these increased services are having a notable impact on the health of the Indian people.

This is demonstrated by the fact that in 1981 R-SBCIH more than doubled the number of patients served in 1980 and recorded a total of 50,799 patient vists. IHC also experienced a significant expansion of its population served and number of patient visits. However, both programs are still reaching only a relatively small portion of their service population. To satisfactorily serve all the Indians in their areas, our programs both need substantially increased funding.

We are here today to request that the Committee add sufficient funds to the Equity Fund to bring all those tribes that are in Levels IV and V with less than 40% of their needs being met up to Level III at the point where only 60% of their needs will be unmet.

II. RESTRICTION ON USE OF EQUITY FUNDS: We are aware that IHS is now limiting its calculations for the Equity Fund to a "benefit package" that is growing more and more restricted each year. We do not believe that this is a proper trend for several reasons. First, the "core" services that the Equity Fund is being limited to are not necessarily those that are most severely needed by the Indians in our service areas. For example, alcoholism is the number one health problem identified by our Tribal-Specific Health Plans. Under the IHS limited benefit package concept we cannot use Equity Funds for alcoholism programs to correct this problem. Similarly, one of our greatest needs at present is for community health/public nursing and outreach services. Because we formerly had very few services available, most of the Indian people in our service areas simply received no medical care whatsoever. Now we are in the process of educating them about health care and the need to seek timely treatment in order to prevent more serious illnesses from developing. As noted above, our patient loads have increased dramatically since we received the Equity Funds in mid-1981, and continue to increase due, in large part, to our public health/community health nursing and outreach programs as well as due to our increased funding overall.

If we are not allowed flexibility in the use of Equity Funds and if Equity Funds are restricted to a more limited benefit package each year, we will never achieve the true equity that we believe the Committee intended in establishing the Equity Fund. In other words, while we may begin to be able to provide some contract care services and other services in the limited benefit package, there is the whole range of other medical and related services outside the benefit package which IHS has been providing to Indians in other areas for years and which IHS continues to provide in these other areas, but which types of services we will not ever be funded or allowed to provide due to the restrictions being placed on the Equity Fund.

For example, IHS has traditionally provided environmental health services throughout the country. In California, these services have been almost non-existent. With the Equity Funds, both of our programs have hired a sanitarian. In the R-SBCIH program that sanitarian has undertaken bacteriological and chemical sampling and testing of reservation water systems on the eleven reservations we serve. On one reservation, the results were extremely significant in that the water was found to be unsafe for infants because of high nitrate levels. On other reservations sources of water contamination have been located thus preventing gastro-intestinal and hepatitis epidemics. No one will provide these type of services to the reservations if our programs do not do so. And, we are in danger of losing these services because of budget cuts and restrictions being placed on the Equity Funds.

We can perceive no rational basis for restricting the benefit package as IHS is doing. Instead, we believe that IHS is simply attempting to minimize the severity of the health care needs on the reservations which we serve in order to make it appear that IHS is providing a more equitable level of services than it is actually doing.

As the Committee is aware, the United States Court of Appeals for the Ninth Circuit held that IHS has an obligation to expend all the funds in its base budget to provide an equal level of care to all Indians throughout the United States. See Rincon Band of Mission Indians v. Harris, 618 F2d 569 (1980). Needless to say, IHS has not even begun to do so, despite repeated instructions from the House and Senate to do so. Instead, IHS has relied solely on the Equity Fund which by its limited dollar amounts will never create true equity by 1984, even in those ever more limited areas which IHS defines as its "benefit package." And, as we have pointed out above, providing equal services only in certain limited categories does not create equal treatment under the law for we will forever be precluded from receiving the full range of services provided by IHS in other parts of the country.

III. BUDGET CUTS: The budget cuts of 21% in the Community Health Representative (CHR) budget and 5% in the remainder of the budget including Equity Funds are having a devastating effect on our programs and are reversing our recently gained progress. With these cuts our programs are moved back to Level V in terms of unmet need. The cuts at IHC alone are requiring vital positions to be cut from the staff, contract care services to be reduced by 21%, cutbacks in personnel benefits, etc. Among those positions required to be cut is the sanitarian, whose importance is explained above, and the nutritionist. A nutritionist is vital to the program because diabetes, hypertension, and obesity are rampant in the Indian community and all are vitally effected by diet. Without education on and assistance with nutrition, Indian infants and children are being brought up without proper nutrition and adults are more likely to suffer serious effects from the above diseases, all of which lead to more serious and costly to treat problems and conditions.

The CHR's are also vital to our delivery of health care. Because we serve many isolated and scattered reservations in the back country of southern California, we have had to rely very heavily on CHR's for both patient care and monitoring and for providing transportation to our health facilities. Our CHR's are trained in basic medical skills and are licensed by the State of California.

We believe and request that if there must be further budget cuts, then those cuts should be taken mainly from the tribes in Levels I and II, not from those of us who are once again in Level V. Otherwise, we will never achieve any degree of equity.

IV. FACILITIES NEEDS: We are also appearing today, as we have for the past several years, to request that funds be added to the IHS budget to expand our current ambulatory care facilities to allow current staff members and program needs to be accommodated. Of great concern to our Boards of Directors is the fact that IHS has no plans to construct or assist with the expansion of the Indian operated-facilities in California, all of which were originally constructed without assistance from IHS. When the facilities priority list was established by IHS, the need of California Indians were never even considered. We shall address each of our program's facilities needs separately.

RIVERSIDE-SAN BERNARDINO COUNTY INDIAN HEALTH, INC.

Request: Facility expansion: $790,000.
Equipment: $200,000.

R-SBCIH serves 11 Indian reservations in the rural and remote parts of Riverside and San Bernardino Counties, California. According to the 1980 census, its service population exceeds 17,000 Indians. It serves these Indians from out-patient facilities on the Morongo Reservation, the Torres Martinez Reservation, and the Soboba Reservation, as well as from a dental clinic on the Fort Mojave Reservation. A brief description of the program is attached hereto as Exhibit "A". According to a 1980 IHS report, our main facility on the Morongo Reservation suffers from "severe over-crowding" and is not accessible to the handicapped. Our tribal-specifi health plan shows a need for 7,900 square feet of additional space to allow us to optimize our current resources in the provision of care. We would expand not only our main facility at Morongo, but also the satellite at Soboba with the $790,000 we are requesting for this expansion in order to best utilize our current 70-member staff and to accommodate the recent growth of our program. The additional $200,000 we are requesting would allow us to equip our facility once it is expanded.

It should be noted, however, that in its National Plan for FY 1981-84, IHS itself has identified the need for a replacement health center for our Morongo facility alone at a cost of $8.8 million. We believe that it is more realistic and economical to spend the $790,000 we are requesting to expand and renovate our facilities in order to meet our current needs.

INDIAN HEALTH COUNCIL, INC.

Request: Facility expansion: $400,000
Equipment: $110,000

The current IHC 3,700 square foot facility on the Rincon Indian Reservation is the primary facility from which the Program serves the seventeen Indian reservations in rural San Diego County. The program also operates satellites on the Sycuan and Santa Ysabel Indian Reservations to serve more than 9,500 Indians. A brief description of the program is attached hereto as Exhibit "B".

The main facility on the Rincon Indian Reservation is in severe need of expansion to accommodate our present staffing level. At present we are requesting funding to build and equip a 5,000 foot expansion of our Rincon facility. Although the IHS National Plan identified a need for $5.75 million for modernization of our health center and although the IHS 1980 California facility report identified a need for 6,000 additional square feet based on 1979 funding levels, we believe that it presently is most sensible and realistic to merely expand our present facility by 5,000 square feet at the cost of $400,000 with attendant equipment costs of $110,000.

V. CONCLUSION: In conclusion, the Boards of Directors of R-SBCIH and IHC urge this Committee to assist us in meeting the needs of the 26,844 Indians which we serve by providing funds in FY1983 to expand and equip our existing ambulatory care facilities as well as Equity Funds to increase funding to the point where only 60% of our needs would be unmet.

Thank you for your thoughtful attention to and consideration of this matter which is so vital to improving the health ofthe Indian people we serve.

EXHIBIT A

RIVERSIDE-SAN BERNARDINO COUNTY INDIAN HEALTH, INC.

RIVERSIDE-SAN BERNARDINO COUNTY INDIAN HEALTH, INC. was established in 1968 as a non-profit Indian consumer controlled and managed comprehensive health program to serve the needs of the Indian populations living on or near 11 Indian Reservations in Riverside and San Bernardino Counties, California. The program initially began with the Morongo and Soboba Reservations as one of nine demonstration health projects with modest funding provided by Indian Health Service through the California State Department of Health.

The first Clinic facility utilizing a volunteer dentist was an abandoned 15' x 15' jailhouse at the Morongo Reservation constructed about 1917. From this humble beginning the people were determined to meet the urgent needs of the reservations and largely by utilizing self-help, i.e., Indian men and women volunteers, the first clinic building was built at the Morongo Reservation in 1971. The health center now has small modest clinic facilities at the Morongo Reservation, the Soboba Reservation, a portable clinic on the Torres-Martinez Reservation, and a dental clinic at the Fort Mojave Reservation. The 1980 Census estimates the present Indian population of our service area to be 17,292.

The original staff of 2 Licensed Vocational Nurses has grown to a present staff of 70 persons, which includes professional staff of 2 full-time Dentists, 2 Physicians, 2 part-time Optometrists, a Nurse Practitioner, a Psychologist, a Sanitarian, a Nutritionist, 4 Community Health Nurses and an array of specialists.

Total Patient Visits recorded for Calendar Year 1981 were 50,799. This represented an increase of 62% over 1980.

From 1971-1978, funding for the program was provided through the California Rural Indian Health Board as well as funding sources generated by the program. In December of 1978, our Tribal health organization contracted directly with Indian Health Service for its health care services through the Indian Self-Determination Act, P.L. 93-638.

EXHIBIT B

INDIAN HEALTH COUNCIL, INC.

INDIAN HEALTH COUNCIL, INC. was incorporated in 1970 as a non-profit, Indian controlled program with the primary responsibility of providing health services to 17 Indian reservations in San Diego County. The main health center is presently housed in a 3,700 square foot medical-dental outpatient facility, that was completed in 1976 after four years of local fund raising for construction and equipment. Contributions came from civic clubs, church groups, corporate donations, special fund raisers, individuals, small foundations, schools and special benefits sponsored by the San Diego Chargers professional football team. The U.S. military as well as local Indians donated labor and much of the material was contributed to complete the fully equipped $300,000 health center. In addition, IHC has two (2) 3000 square feet satellite facilities providing health care in the more remote areas of San Diego County.

The program presently employs two (2) doctors, three (3) dentists, two (2) dental hygienists, three (3) nurse practitioners and two (2) R.N.'s. Contracts have been negotiated with four part-time optometrists to provide desperately needed eye care, and an Emergency Medical Service (Ambulance) 24 hours a day.

Due to limited funds, geographic isolation and hazardous road conditions, the health center was able to serve just a portion of the nearly 9,500 Indians residing in this service area which the U.S. Indian Health Service has determined as the target population. Utilizing a small fraction of the actual needed funding the program managed to serve about 20% of the people who are in desperate need of adequate health care.

The Indian Health Service provides funds to employ 60 staff members who, in addition to volunteer help, provide basic ambulatory care as well as social services and transportation.

With additional space, the health program will be able to provide badly needed services in the areas of alcoholism, mental health, drug abuse, audiology, optometry, and specialty care. In additon, we will be able to provide on-site training in Indian health careers for local Indian students.

Senator DECONCINI. Next we have the American Indian Scholarships, Inc.

STATEMENT OF MARTIN SENECA, AMERICAN INDIAN SCHOLARSHIPS, INC., TAOS, N. MEX.

PREPARED STATEMENT

Mr. SENECA. I would like to submit this statement for the record—the statement of Mr. Rainer.

Senator DECONCINI. It will be placed in the record.

[The statement follows:]

STATEMENT OF JOHN C. RAINER, SR., DIRECTOR, AMERICAN INDIAN SCHOLARSHIPS, INC.

Subcommittee Members and Subcommittee Staff, my name is John C. Rainer, Director of American Indian Scholarships, Inc. I appreciate the opportunity to explain the facts concerning the needs of Indian graduate students nation-wide, as well as the purpose and the objectives of American Indian Scholarships, Inc. There is a dire need for professionally trained Indians to administer their own programs in their communities and tribal programs and administration as mandated by Congressional Act, Public Law 93-638. An adequate funding level is necessary in order to produce such Indian professionals. Based on our experience and surveys of the number of Indian graduate students working toward their Master's and Ph. D. degrees, as well as those seeking financial assistance, the BIA's request of only $1,800,000 each fiscal year is entirely inadequate. However, this is understandable in view of their taking orders from the Office of Management and Budget!

In spite of restraints from OMB, these do not erase the fact that there are a great more Indian men and women desiring training at the Master's and Ph.D. degree levels. Accordingly, this year we are again requesting that the Congress appropriate a realistic amount of $3,250,000 for Indian graduate scholarship grants for FY 83. This figure, if contracted to American Indian Scholarships, Inc., will allow for a nominal 650 students an average grant of $5,000, even though the realistic range is up to $12,000 for medical students. Based on our experience and track record, we request that we become the entire contracting body with a budget line item within the Bureau of Indian Affairs for the Division of Higher Education, Special Programs.

Last year, the Appropriations Committee saw fit not only to secure funding for Indian graduate level scholarships, but mandated BIA to contract with us. I sincerely hope you will again realize the important service American Indian Scholarships (AIS) offers. It is our understanding that for FY 83, the BIA will be asking again only for $1,800,000, $800,000 of which will hopefully be contracted to AIS, the remainder to be contracted to The American Indian Law Center in Albuquerque, New Mexico.

I would like to call your attention to the following facts:

1.) American Indian Scholarships, Inc., is a non-profit, tax-exempt (50-c-3) organization. It is national in scope and assists any qualified Indian applicant who is 1/5 or more of Indian blood quantum and is a member of a federally recognized tribe. Its primary purpose is to provide financial assistance for deserving American Indian post-graduate students working and studying in the Master's and Ph.D. levels.

In addition, we consider our scholarship assistance as an investment in producing a productive Indian citizen who will contribute to the growth and upgrading of the standard of education and health in Indian community and, by doing so, will ultimately exonerate the stereotyped image which has been associated with the American Indian people.

2.) To date, we believe AIS is the only organization in the United States exclusively dedicated to securing financial assistance for Indian students attending graduate school.

3.) In its eleven years of existence, AIS has awarded nearly 2500 partial scholarships to Indian men and women doing graduate work and attending medical school. While we are very proud of our success in awarding so many scholarships, we should point out that the number of scholarships we have awarded is but a fraction of the total number needed. (Since January 1982, AIS has already received a large number of application requests for Academic Year 1982-83. All have been sent applications. The first screening of applications by the AIS Board of Directors is scheduled for the middle of June, but we have a deep fear of not being able to meet the financial need of all the applicants.)

4.) In Academic Year 1981-82, only 151 students have been partially funded. The rest are still on a waiting list.

5.) In a study done by our organization, we found that be 1979 the number of Indian men and women desirous of attending graduate school had increased by 784.3% since 1967. We can easily project a 1000% figure for Academic Year 1982-83.

6.) The need for scholarship assistance to Indian people at the graduate level is continuing to increase rapidly. If we are ever truly to achieve self-determination as mandated by Congress through PL 93-638, we must have professionally trained Indian men and women in leadership positions working to upgrade health, socio-economic and educational standards in Indian societies, as well as acting as productive and useful citizens in their communities and our country.

WHY WE ASK:

One of the chronic excuses by the BIA in their not wanting to contract with AIS is in the area of "cost-efficiency"; however, you and I know the BIA has been the target of many reports including those by the GAO criticizing the BIA's high administrative costs. AIS' administrative cost rate has averaged 13% in the past, except for Academic Year 1981-82, which incurred an administrative cost rate of 20% because of spiralling inflation. Our surveys show that there are only 46 tribes administering scholarship programs, mostly on the undergraduate level, as opposed to the total number of federally recognized tribes which is now more than 400. If the token $800,000 appropriated for FY 83 for graduate student support were divided among all tribes, there would not be enough total for an individual tribe to give much assistance to even one of its members desirous of attending graduate school. It would also lose national objectivity in favor of local politics.

It must be remembered that the American Indian Scholarships, Inc., Fellows are mature men and women who, for the main part, have family responsibilities. These individuals have sacrificed steady incomes in order to improve their worth to themselves and to the community at large. Such a sacrifice deserves the most scrupulous consideration on the part of the organizations attempting to financially assist them. American Indian Scholarships, Inc., is committed to this objective. For this reason, AIS, Inc., reiterates its request that Congress mandate the sum of $3,250,000 for the assistance of Indian men and women graduate students.

I will now be pleased to answer questions you may have.

Mr. SENECA. I would like to make a brief statement and advise the committee that the American Indian Scholarships, Inc., provides a service that is unique to American Indians, in that it is limited to the graduate programs. The only other graduate program that presently is ongoing is the program to educate American Indians in the field of law.

The appropriation in fiscal year 1982 is $1,800,000 for both programs. To educate American Indians $1 million of that is in the field of law; $800,000, then, is dedicated to the education of American Indians in graduate programs other than law.

Senator DECONCINI. Does that include medicine?

Mr. SENECA. It includes medicine. What we are asking for at this point is an increase, of course, in the amount that we have available. Right now we are able to provide scholarship support, supplemental support for approximately 150 graduate students. The demand far exceeds the resource that we have available.

Senator DECONCINI. How many requests do you get?

Mr. SENECA. The request is anywhere in excess of 500 applications. Keeping in mind that the scholarships that are awarded under this program are usually—our policy is that they are supplemental to other aid that students can receive.

Mr. Chairman, we are requesting at this time an increase that would allow us to be able to provide assistance to approximately 650 graduate students, using a figure of about $5,000 supplemental support per student or $3,250,000 total. One of the things that we must keep in mind that the last pronouncement in terms of a policy that the Congress of the United States gave was in Public Law 93–638. In that public law, it was a sense of Congress that the policy would be self-determination and protection of the trust responsibility.

Education is one of the critical elements for that policy to have life. For the Indian community to begin to realize that with the present situation we are in, in trying to get the budget of this country back in line, to bring deficits, tightening up, if you will, and trying to do things in perhaps a more responsible manner, we cannot emphasize education enough in terms of tribal governments, in terms of managing resources, and it is critical in terms of managing Federal moneys. All of these things are critical to the American Indian tribes being successful in their endeavors in trying to achieve self-determination.

Thank you.

Senator DECONCINI. Thank you very much. We appreciate your testimony. The number of applications is of interest to me. You can only fund about one-quarter of those who apply. Do you know offhand how many apply who are not funded and reapply the next year?

Mr. SENECA. I do not have that information, Mr. Chairman.

Senator DECONCINI. Thank you. Next we will have the Cherokee Nation of Oklahoma.

STATEMENT OF PERRY WHEELER, VICE CHIEF, CHEROKEE NATION OF OKLAHOMA

Mr. WHEELER. I will be substituting for Chief Swimmer. He was called back to Oklahoma. The major concern the Cherokee Nation has is the proposed abolishment of the CHR program. The CHR program, so far as the Cherokee Nation goes, is a multifaceted program. We run clinics, supplement staff at hospitals, and also are running home health care agencies. We feel that the direct services that our people provide is essential for the health care of our people. Approximately 60 percent of the CHR budget is provided for direct hospital and clinic support. If the proposed cuts do go through, what we will have is reduced staff at the hospitals and there will be clinics that will be closing.

We have approximately 70 positions currently funded out of the CHR budget, and we would stand to lose all of these if the proposed cuts are as deep as are indicated now.

The second issue I would like to address is the Office of Environmental Health 121 programs. The sewage and plumbing programs are needed in order to complete the housing built by other Government agencies. We feel that housing is one of our most pressing needs and that is a necessary component for that.

Third, I would like to address the WIC program. We feel that the program needs to have direct funding to the Indian tribes. The direct funding could be an option as it is right now, and we would oppose inclusion of the WIC program—WIC is women, infant, and child nutrition program—into the State block funding.

The fourth point I would like to address is the Pay Act that has recently come down on the IHS budget. What is needed is supplemental appropriations to take up the slack, so that the service delivery at the hospitals and the clinics is not affected by the increase in salaries.

The fifth and final issue I would like to address is that we feel the tribes should be able to have the authority or the flexibility to determine blood quantum for IHS services. There should also be some flexibility that would allow fees for services or some other type of third-party reimbursement from private insurance for the IHS services.

That concludes my statement.

Senator DECONCINI. On the question of blood quantum, the Colorado River Indian Tribe in Arizona has suggested legislation that would legislate, and I think rightfully so, a certain blood quantum for eligibility. Congress has generally shied away from that. As we see shrinking Federal expenditures in all areas, except defense, I wonder if your tribal leaders and council have thought about legislation? The quality of the health care to the members of your community might be more important than the present approach. Would it not take some pressure off if, in fact, it was set in law? Realizing, of course, that if you fell below that level you certainly would feel left out.

Those that did fall within the quantum criteria, would, perhaps have better health care.

Mr. WHEELER. The tribe would support a blood quantum in order to spread the limited resources a little bit more easily. In fact, the Hasting

Service Unit—which is the hospital at Telequa—they closed new charts, which means that if an Indian moves there now, who was not a student, he or she would not be able to receive direct services because the outpatient load runs as high as 500 a day. This is the only way that the administration could see to cut down on it.

Senator DeConcini. That's fine. Thank you.

Mr. Wheeler. Thank you.

Senator DeConcini. Next we have the Navajo Tribe Division of Education.

STATEMENT OF LAWRENCE GISHEY, EXECUTIVE DIRECTOR, NAVAJO TRIBE DIVISION OF EDUCATION

ACCOMPANIED BY ROSEMARY ZION

PREPARED STATEMENT

Mr. Gishey. Thank you, Senator. In order to address all of the issues connected with education, I would like to read a summary of the statement that we submitted to you.

To my right, I have Rosemary Zion, a staff member of mine—my assistant.

Senator DeConcini. We will put the full statement in the record. You can summarize it.

Mr. Gishey. Thank you.

[The statement follows:]

STATEMENT OF LAWRENCE GISHEY

Members of the subcommittee, I appreciate the opportunity to describe some of the concerns of the Navajo Tribe about the proposed 1983 federal budget for Indian education. The Navajo People have long realized that education is essential to the cultural and economic survival of our people. The treaty we signed with the United States in 1868 specified that in return for accepting the limitations on our territory and way of life required by the United States, we would receive the assurance of education for our children. Navajos are very adaptable people. We want our children to learn. But over the years we have discovered that the commitment of the United States to see our children are taught rises and falls with changes in political emphasis.

With the change in political emphasis to the "New Federalism", the commitment of the United States to educate our children is again in question. The relationship between the Federal government and an Indian nation is not the same as the relationship between the Federal government and a state. There is talk under the "New Federalism" of returning to the states the power that once was theirs. If you returned to the Indian People the power that once was theirs, the United States would go back to being a few settlements on the Atlantic coast, some French trading posts and an occasional Spanish Mission. I don't think that you want to do that, and we don't expect it. What we do expect is that the terms of our historical relationship with the United States will be honored.

OUR EDUCATION BUDGET IS ABSORBING TOO MANY CUTS

The proposed budget for the BIA and the budgets of Indian programs that are or were in the Department of Education suggest that Indian education will absorb a disproportionate share of budget cuts this year. The BIA in its official statements says it is cutting costs by cutting BIA administration (this is supposed to be creating a $16,000,000 saving). Actual figures in the budget show the BIA's budget for general administration was raised artifically high before the "overhead cost reduction" was imposed. This "overhead cost reduction" is one of these "management initiatives" which many financial analysts have predicted will slip away once appropriation season is over. Indeed, if the BIA's most recent block funding proposal, with its two bureau committees to review every move tribes make is any example, it will take more BIA employees to do less under BIA plans for reoganization. Education, on the other hand, in programs slated to be controlled by the BIA, is experiencing a proposed reduction of almost $63,000,000 from 1981 levels. In many of the programs scheduled for serious cuts or elimination of program appropriation, the amount of money going to the BIA for overhead remains virtually the same.

BASIC EDUCATIONAL PROGRAMS NEED AN ADEQUATE LEVEL OF SUPPORT.

You will have testimony from a Navajo controlled public school regarding Impact Aid funding and from the Navajo Area School Board Association regarding funding under the Indian School Equalization Formula (ISEF). I do not want to duplicate what they will tell you. I do want to stress that these basic programs for public schools with large Indian student populations, for BIA schools and for Contract schools are a top priority of the Navajo Tribe. Supplemental programs form an important part of the education programs of these schools, but these basic funds keep the doors open. Both Impact Aid and ISEF have experienced funding reductions this year below the 1981 level. Impact Aid is scheduled for a further drastic cut this year. ISEF is still below its 1981 level, while being asked to absorb the effects of other program cuts. I would ask you to reconsider these budget recommendations. I also question the move of the Impact Aid program to the Treasury, which has no experience with education. I would prefer to see it remain in the Department of Education or its successor.

Public school enrollment of Indian students is expected to rise at the same time Impact Aid funding is cut. No Impact construction funds are sought to accomodate these students (although the BIA seeks over $800,000 to administer no funds). ISEF funding is based on a model of reduced student enrollment. Yet the BIA and Contract schools on the Navajo Reservation have had to participate in budget cuts under the program at the same time that their enrollments have increased. Failure of the BIA to adopt standards under P.L. 95-561, or to even follow that law in setting the formula make it impossible to relate the ISEF appropriation to the actual cost of running BIA and Contract schools. You will hear about these matters in more detail from other speakers, but I want to stress to you the central importance of these programs in meeting the Federal Government's fundamental obligation to Indian people to provide for the education of their children.

INDIAN PEOPLE WANT TO EDUCATE AND REHABILITATE THEIR OWN HANDICAPPED.

Another major concern of the Navajo Division of Education (NDOE) is our handicapped children and adults. I do not know if these budgets will come before this committee.

but you should be aware of two areas which concern Indian people. The first is the vocational rehabilitation program. The Navajo Nation has a vocational rehabilitation program run by the NDOE, serving about 500 handicapped Navajos. It does for our Navajo people what state vocational rehabilitation programs do for handicapped people in the states. It does not duplicate state programs. Each year, the programs must qualify for a special projects grant. We ask that this program be funded at an adequate level to do the job and that provisions be made in the appropriation for vocational rehabilitation to treat tribal programs such as ours the same as states and trust territories for purposes of basic grants.

Our second concern is special education. Special Education funding to reservation public schools, BIA schools and Contract schools has made it possible for Indian people to educate their handicapped children among their own people. We urge you to assure that the special education money available to our public schools and to the Department of Interior for BIA and Contract Schools remains sufficient to keep these children at home with their people.

EDUCATION PROGRAMS FOR YOUNG INDIAN ADULTS ARE NECESSARY FOR ECONOMIC GROWTH

In this year's budget justification the BIA emphasizes an encouragement of economic growth for Indian nations. I applaud this. Indian people need to develop their own economic base. How realistic, however, can any plan for economic growth can be which neglects the education of the people? Who will be the educated professionals and the skilled workers of the new economy? Cutbacks are proposed in the higher education program, a major means of educating young Indian professionals. The rationale for these cuts is a reduction in demand. We have experienced no reduction in demand. Yet Navajo higher education has been cut, too. This past year we have had to turn away 8,237 of our young people who sought our help in going to college. Since we have required students seeking tribal scholarships to exhaust college-based assistance first, and since severe cuts are planned for college scholarships and loans, we will have more demand for less money in the coming year. We will also experience funding cuts in our local Tribally controlled community colleges which will increase scholarship demand. We will have to turn even more students away. If these cuts are really based on decreased demand, a formula should be developed to direct the monies to where the students are.

There is virtually no federal commitment to postsecondary vocational education for young Indians. One program which was very important to the Navajo, the S.W. Indian Polytechnic Institute is scheduled for closure. Why? Where will the skilled technicians for Navajo economic development come from?

Adult education is also scheduled for major reductions. Yet, due to past failures in Indian education policy, we have many adults whose education was inadequate or nonexistant when they were children in the 1950's and 1960's. These adults can only hope to catch up, to acquire basic English skills and a minimal level of academic skills, through adult education. There is no good place for an illiterate in a modern economy.

SUPPLEMENTAL PROGRAMS NEED TO BE CONTINUED AND EFFICIENTLY ADMINISTERED

Supplemental programs such as Johnson O'Malley and Title IV give our schools money to meet the needs of Indian students that arise from differences in culture and language and from poverty. They are important to our efforts to pass on our culture to our children. A recent GAO study found no evidence of duplication between these two programs.

Title IV is scheduled for massive cuts. Yet this program is extremely popular with the schools in our area. It is a very flexible program and both schools and parent committees find that they can fashion programs within Title IV guidelines which are straightforward and effective in providing the supplemental help which the Indian children in a particular school need. One thing you should be aware of is that any significant increase in BIA schools opting to become contract schools under the Indian Self-Determination Act, as will occur if the Navajo Tribe succeeds in contracting BIA administrative functions into a tribal educational agency, may result in a large increase in demand for Title IV funds from eligible schools. Provision for the eventuality should be made in the budget so that there is enough money to go around.

School personnel I have spoken with are very upset with the proposed move of Title IV to the Department of Interior. They have experienced too much red tape in the BIA's administration of the Johnson O'Malley Program. The JOM program is also an excellent program, but our experience with it in the Navajo Area has been unnecessarily difficult. Money arrives late. It is encumbered with much paper busiwork. It arrives so late in the school year that much of the money has to be carried over. Then we are accused of having a large carryover. They year, there was again a large JOM carryover. We used it to provide funding to the more than 20 schools we serve because we still don't have our 1982 money. Now, after the carryover money has been fully obligated, we are being told that it is frozen. We may have to resort to litigation to free it up. Meanwhile programs for over 37,000 children are subject to chaotic administrative insecurity. This is completely unnecessary. I ask you to assure that JOM is freed of its administration shackles and that Title IV does not suffer a similar fate.

RESOURCES FOR LOCAL AND TRIBAL ADMINISTRATION OF PROGRAM MUST BE FREED FROM THE BIA ADMINISTRATION BUDGET.

Many of the administrative problems I refer to could be alleviated if a real commitment were made to local control and tribal control of Indian education. This can be done if the BIA is made to give up some of its turf to the tribes and to local schools. When individual programs in education are contracted to the tribe or to local schools these programs are often subjected to overmonitoring. Perhaps this is because there is nothing left for the BIA to do but look for holes in our programs. Red tape increases. This results in delays in receiving funds. The public blames the tribe or the schools. We blame the BIA. I am not convinced that BIA proposals for regionalization will solve this problem. By placing the intermediaries we must work with farther away and in two different cities (Phoenix for education, Albuquerque for contracts), given restrictions in travel money, the proposal risks delays in decision making, communications problems, and more red tape. More effective savings can be recognized by simplifying procedures and shortening lines of communication.

Administrative money for tribal contracts remains a problem. The BIA is not willing to transfer part of its own administrative budget when it transfer a function to the tribe or to a local school. So there is "no money" for tribal administration of a school system. There is not enough money for local administration of a contract school. There is still no formula for administrative funding for educational programs. There has resulted in lower levels of funding for programs in the Navajo Area. When programs suffer for lack of adequate administration, the tribe or the community is charged with the failure. I urge you to make some provision through oversight hearings and budget language to assure that tribal and local self-government in education is not sabotaged by BIA's refusal to provide tribal contracts administrative money, or by the imposition of new levels of red tape on local and tribal programs. I also ask you to assure that all monies appropriated for Indian education programs are actually spent for Indian Education. This has not been our experience for the past two years. The administration's own budget figures show Indian education programs outlay consistently below appropriation proposals.

RECOMMENDATIONS

1. Distribute budget cuts more equitably in the Interior Department budget, so that Indian education's share is proportional.
2. Improve ISEF funding, and require BIA to base it ISEF formula on education standards and the other requirements of P.L. 95-561.
3. Restore the massive cuts made in Impact Aid under P.L. 81-874 and Impact Aid construction under P.L. 81-815, and retain these programs in the Department of Education or its successor.
4. Allow a tribally-operated Vocational Rehab. program, such as that administered by NDOE to be treated the same as a state or trust territory for funding purpose.
5. Provide adequate funding for higher education according to a formula based on population or numbers of students.
6. Preserve vocational education programs such as the S.W. Indian Polytechnic Institute and assure the survival of a basic level of adult education services located where the adult population needing the services is located.
7. Restore excessive cuts to the Title IV program and retain it in the Department of Education or its successor.
8. Use oversight procedures and budget language to eliminate the red tape and withholding of funds which plagues the JOM program. Require allocations under this program to follow the school year more closely, as Title IV does.
9. Assure that special education funding will continue to be available to reservation public schools, BIA schools and contract schools.
10. Use oversight procedures and appropriate budget language to assure that transfer of control of BIA education programs to tribes and local schools will not be accompanied by growth of BIA red tape, withholding of program resources. Budget language and oversight should also be used to assure that BIA administrative funds are available to fund tribal and local administrative costs when programs and functions are contracted.

Mr. Gishey. We believe the cuts are out of proportion. The BIA has announced plans to make $16 million cuts in its administration budget. I believe, however, if you really analyze this proposal and analyze the administrative costs included in other budget categories, you will find that the proposed savings are at best overstated and possibly illusionary. Meanwhile, the proposed cuts to direct educational programs are very real. Impact aid for public school construction is slated for no program funds. This is very harmful. These public school districts have little or no tax base or bonding capacity. They have already been neglected compared to public schools impacted by military bases.

Report after report has found them inadequate and unsafe. The only beneficiary under the proposed budget for this item is the BIA, which is seeking $838,000 to administer an unfunded program. Impact aid to public schools for students faces a cut of over 30 percent below the 1981 level. At the same time, BIA estimates that Indian children in public school will increase from 177,000 to 181,000 during the same period. There are more than 36,000 Navajo children in 21 public school districts on or near the Navajo Reservation. Many of these districts have virtually no local tax base. They need impact aid funding to keep their doors open.

I hope you will see that more funds are found for this program, and that it remains in the Department of Education or whatever is created from the Department of Education.

The executive budget proposes a cut of almost 40 percent in the title IV program below the 1981 level and transfer of the program to BIA. I hope you will reject both these proposals. Title IV is an excellent program for public schools and contract schools. I hope you will leave this program with the Department of Education which has contributed through the sensitive administration.

The Johnson-O'Malley program has supplemental help for Indian children. It could benefit from a management initiative program to streamline the cumbersome redtape which accompanies this valuable program. The Navajo program administers Johnson-O'Malley. We serve 21 school districts with over 3,600 students. Although the appropriations bill for the Interior was signed in December, we did not receive a notice of allotment until yesterday.

The tribe and all of the schools it works with have spent the bulk of this present school year in a state of financial uncertainty. Public schools with Johnson-O'Malley funds and impact aid funds have faced uncertainty in both programs. I hope you can appreciate how important it is for these schools to receive their money on time with a minimum of redtape.

I also hope that you will consider your decision in the 1982 appropriations bill to exclude contract schools from eligibility for Johnson-O'Malley funds. These schools have the same need for supplemental funds as public schools. The equalization formula under Public Law 95-561 does not fund these schools adequately to support the necessary supplemental programs.

The Indian equalization formula administered by the BIA is recommended for funding below the 1981 level. This is supposed to be the result of projected school closings and decreased enrollment. School closing does not mean that students will disappear. Decrease in enrollment is not happening everywhere. On the reservation our schools have received less than in 1981, despite the fact that our enrollment has gone up. The ISEF budget that is presented to you is supposed to show the real cost of adequately funded education of Indian children in BIA contract schools. This is required by law, but despite the law, the BIA has not developed academic standards or criteria for boarding facilities.

I hope you will insist that the BIA follow the law, that it develop adequate, appropriate standards for education and boarding, and it present to you real costs of funding quality education.

Finally, I want to bring to your attention our concern about the relationship between the Federal Government and Indian tribes in regard to education. We have always seen this relationship as a trust responsibility, a trust relationship. I understand that yesterday, Mr. Ken Smith, Assistant Secretary for Indian Affairs, said that he does not believe that there is a trust responsibility for education. Indian treaties reduced the lands to which Indian people could lay claim. In return, the land was given a special status. It is trust land. It was recognized that all of the needs would not be met by the trust lands, and that was the responsibility of the Federal Government.

Education is an important need. We believe in the Government relationship with the United States with regard to education. This relationship requires adequate funding for education of Indian students. It requires policies and procedures to encourage tribes to govern their own affairs in education and other matters. I believe that recent BIA proposals threaten this relationship. A recent BIA block granting proposal that was supposed to give tribes more control actually required more useless paperwork and gave less flexibility than the existing arrangements.

The BIA regionalization plan functions in one State and education in another. I think that would make more redtape and for us, make it harder to maintain a direct communications line with the Government in Washington.

The adequacy of the BIA's consultation with us for making this program, implementing other changes is inconsistent with the concept of Government-to-Government relationship. We believe that better consultation with tribes could produce real administrative savings and streamline the procedures.

I know you have a difficult job ahead of you in making budget decisions for the coming year, and I hope these ideas I left with you will assist you in making these decisions, and I thank you for allowing me to make this statement.

Senator DECONCINI. Thank you very much.

STATEMENT OF LARRY G. KINLEY, LUMMI INDIAN BUSINESS COUNCIL

ACCOMPANIED BY VIOLET HILAR, MEMBER OF THE BOARD OF DIRECTORS, HEALTH BOARD, AND MEMBER OF THE HOUSING AUTHORITY

PREPARED STATEMENT

Senator DECONCINI. The statement will be included in the record.
[The statement follows:]

STATEMENT OF LARRY G. KINLEY

The Lummi Indian Reservation is situated in Whatcom County, in the Northwest Corner of Washington State. The major reservation industry is fishing and many of the 2,500 enrolled Lummis are employed in that industry. Unlike many reservations rich in natural resources, the Lummi reservation has little natural resource and much of the reservation is either swamp land or land in a flood plain. Its greatest resource is its people.

HEALTH

It is of utmost importance that our Tribes greatest resource is kept healthy. A vital link in this process is the Contract Health Care (CHR) Program. Dr. Fink, a member of the review team representing the Joint Commission on Accreditation of Hospitals and Clinics states in his final report, "I don't know how an Indian Health Service facility can function without the Community Health Representatives."

We are also requesting that there be additional increases in the Contract Health Care budget for the Portland Area alone to offset the projected $2,000,000 deficit for FY83. The current FY82 deficit will be $1,865,000. Our Tribes share of the deficit will be $83,333. The PHS operation phase out will force our Indian people into the private sector which would obviously bankrupt IHS budgets in mid FY83.

Although the FY83 IHS direct care service appears to increase, mandatory pay supplementals, and overcall cost increases including inflation far exceed the projected budget. Before reductions are considered at the direct care level, IHS must reduce non-essential staff at the central and area office levels.

The current direct care services situation at the Lummi clinic, which serves the Nooksack Tribe besides our own people is to provide bare essential care. The Lummi Tribe also administers primarily contract care services and partial direct care for the Swinomish and Upper Skagit Tribes located at a considerable distance from our administrative facilities. Due to budget constraints we are under priority one hospitalization services meaning only "emergency" cases as defined by local clinicians on a case by case basis may receive IHS supported care. Within the last month a Tribal member received care for blood poisoning and was presented with a $4000 bill as he was not priority one. Returning to work immediately on release from the hospital to support his family and pay off his debt, he died as a direct result. The decisions are becoming life and death at the local level.

The clinic dental officer serves also as the service unit director due to lack of funds. Health care administration and dental services both suffer as a result. Considering that our service population suffers from the highest infant mortality in the Pacific Northwest, the proposed FY83 appropriations are neither adequate nor just.

The Northwest Portland Area Indian Health Board has prepared an in depth, statistically based testimony on what the proposed budget will mean in terms of health care to our people. Please refer to this testimony as it supports our concerns. Amount of funding involved in Lummi health related areas is $191,833.

FISHERIES

The Lummi Tribe operates one of the larger salmon enhancement programs in the Pacific Northwest, currently releasing over 10 million young salmon into the waters of Puget Sound. Releases of Lummi coho salmon account for two thirds of the total hatchery coho production in northern Puget Sound with survival rates among the highest in the state (15-20% of the juvenile coho released return). The Lummi program is one of the highest contributing hatchery efforts along the West Coast.

Including the releases this spring, over 43 million juvenile salmon and steelhead will have been reared by the Lummi Fisheries program and released to enhance the fisheries resource.

Eventhough we have not had a fisheries program increase since 1979, we have been able to expand our Lummi Bay Fall Chinook and Chum salmon production as well as rehabilitate natural Nooksack Spring Chinook and Chum stocks by reprioritizing our budget.

Unfortunately, because of increase costs (labor, utilities and feed have increased 30% since 1979) we will not be able to continue these programs without additional funding. Additionally, a 200,000 yielding steelhead program will not begin as planned.

The lack of appropriate funding has also forced the delay of several important improvements of the Tribal enhancement facilities. The hatchery intake structure and 36" supply line are in desperate need of modification and repair. This work would cost an estimated $300,000.

The incubation system has become inadequate to accomodate the present fourfold increase in fall chinook and chum salmon production. Improvements to this system would cost $75,000 and include filteration and disinfection as well as expanded incubation space.

The total appropriations for the Lummi Enforcement are very limited and fail to meet the program needs. The funds available cover 80% employment costs only. Equipment funds have been covered by management.

The Lummi Program invested more than $10,000 attempting to renovate a government surplus vessel into useable condition; the vessel, a 24' Bertram is not safe to operate in heavy seas. This program covers extensive marine water areas, encountering extreme weather conditions, endangering enforcement officers' lives. The Lummi Enforcement officers patrol (in two open craft 20' vessels) half the area covered by equivalent officers working for the State of Washington Fisheries Enforcement Division. The Lummi Officers patrol waters (saltwater marine and fresh water systems) from the U.S. - Canadian border to the southern environs of Seattle, Washington.

The Fisheries Enforcement Program is in serious need of $100,000 to cover the purchase and operations of an efficient Fisheries Patrol vessel to cover the extensive usual and accustomed marine areas. The use of the vessel would be coordinated with the other enforcement agencies to maximize efficiency and keep operation costs minimal.

Total program needs for fisheries is $475,000.

HOUSING

The Lummi Tribe has not had any new housing since 1973. The primary reason for this has been the lack of a sewer disposal system.

The Lummi Tribe began its sewer system in 1974 and it will finally be completed in late 1983. The cost has risen from $4,000,000 in 1974 to $14,000,000 in 1982. The reason for the delay has been jurisdictional, as to whether or not the Lummi Tribe could legally own and operate the completed system.

Unfortunately, the Lummi Tribe had to take the State of Washington Department of Ecology, Whatcom County and several non-Indian individuals living on the reservation to court on a civil rights case to finally allow us to complete our sewer system. Now that its completion is assured, we can begin our housing.

Additionally, in December of 1975, the Lummi Reservation was declared a Federal Disaster area. The flood had destroyed 24 homes and HUD provided 26 temporary mobile home trailers to replace these. In 1979, another disaster was declared and 3 more homes were destroyed and luckily HUD again provided 3 mobile homes to replace the destroyed structures. These mobile homes had been used previously in other disaster areas and reconditioned and brought to the reservation. They have slowly deteriorated to the point of being substandard and unsafe. It was planned that these flood victims would be the emphasis of receiving new housing units when new allocations would be made to the Tribe again. The situation is intolerable for many of the families have grown and the mobile homes are not adequate for such growth. It was hoped that these trailers were temporary, they have not been, for new housing is not available.

From the period of 1975 to the present, the Lummi Housing Authority has received requests for housing from 274 eligible applicants. No relief is in sight for these people and has caused severe overcrowding and demand for existing housing. In some cases, three families may share a single dwelling with inadequate toilet and living quarters.

Current surveys indicate 87 homes in substandard condition. The definition of substandard has been derived from either overcrowded conditions, age, or structural conditions of the building, inadequate heating, plumbing, or electrical systems within the homes available for occupancy.

The request is $5.58 million dollars to accomplish the construction of 110 units of new housing.

Housing Goals -The goal of the Lummi Tribe is to develop and construct 40 home ownership units, 40 rental units, and a 30 unit multi-family complex with the assistance of the Housing and Urban Development Program. The additional housing units cost will be:

a) Home ownership (40 units @ $60,000)	=	2.4 million
b) Rental (40 units @ $52,000)	=	2.08 million
c) Multi-family (30 units @ $36,650)	=	1.1 million
Total HUD Request:		5.8 million

Housing Numbers - There are 294 homes and of these are:

Occupied Houses	275
HUD Disaster Relief Trailers	29
Total Listing	294

ROADS

In conclusion, the Lummi Indian Tribe is requesting $300,000 for roads from the Federal Aid to Highways Program in FY83 to complement the community development activities associated with the proposed new housing units.

Mr. McKINLEY. On behalf of the Lummi Tribes, we would like to thank the chairman for allowing us to testify.

On my right is Violet Hilar, who sits on the health board as one of the board of directors, as well as on our housing authority.

Senator DECONCINI. Welcome.

Mr. McKINLEY. We are located in the northwest corner of the State of Washington. We are primarily a fishing people. We have a fishing economy there. We are not rich in natural resources. Our greatest resource is our own people.

The four major areas we would like to comment on are the health area, the housing area, the fishing area, and some roads. Before we go into that, we would like to go ahead and share a few general comments that our tribe has.

We think it is important to note that the budget cuts affecting Indian people are not just in the Bureau area. The tribes are depending on a lot of other agencies for support.

There has never been enough money, even at that level, to do the job. And we were asked to take more cuts. We feel that if there are cuts that have to be made, we would like it in the bureaucracy and not out at the reservation level.

In the health area, it has been shown that Indian people feel very strongly, about the community health representatives program.

In the contract health services area, our service unit has been on a priority No. 1 basis for the previous 6 months of the last fiscal year, as well as the whole year this year. That means strictly emergency care only.

Our clinic dental officer at the present time, because of budget cuts, serves as a service unit director.

At the present time, we still have the highest infant mortality rate in our area.

In terms of the fisheries area, the Lummi Tribe has one of the largest salmon enhancement programs. We are releasing about 10 million salmon annually. We have the highest return of coho salmon, 15 to 20 percent, in the Northwest. Including the releases this spring, we have planted about 43 million juvenile salmon and steelhead into the waterways.

Now, we go back to see about housing, because our sewer now is going to be completed in the fall of 1983. At the difference in net cost, we lost approximately 120 houses in this process.

HUD has supported us in writing. They thought it was a loss that was due to the lack of a sewer infrastructure being there. Part of the damages might be to these people for causing a slowdown. The State of Washington has agreed to provide us with $200,000 for the sewer through an out-of-court settlement.

We also are looking toward $300,000 from the Federal aid to highways program in fiscal year 1983 to build the roads for these houses.

In the Army Corps area, we are also building a marina. We went through the preliminary reports. Now we are ready to move into detailed project reports, which is the next phase. We have lots of local support on it.

The economic analysis shows that it is economically viable to build a marina where we are located, even though they put us as a priority No. 1 in the State of Washington.

Unfortunately, there is no money coming out of the Seattle area to actually fund the next phase. And so we are back to ask for about $311,000 to provide that.

That concludes our testimony, Mr. Chairman.

Senator DECONCINI. Thank you very much.

Very good.

Our next witness is Confederated Tribes of Umatilla Indian Reservation, Mr. Patawa.

STATEMENT OF ELWOOD PATAWA, CONFEDERATED TRIBES OF UMATILLA INDIAN RESERVATION

ACCOMPANIED BY RON HAVEN

Mr. PATAWA. We would like to address our comments to the fiscal 1983 Bureau of Indian Affairs and health service budgets.

We are deeply concerned over the possibility of the community health representative program being cut from fiscal year 1983. The CHR program is a main stem of the funding for our tribal health department. The elimination of that program would mean the total elimination of our health department. It would also mean the loss of 11 staff positions, which would also mean the loss of a nutritional education visit, patient home visits, educational and personal counseling, maternal and child health counseling, environmental health and safety counseling, and senior citizens surveillance visits.

One of our other top priorities is our law enforcement program. We received our criminal jurisdiction back in January 1981, and we have been working to build that department. It is currently understaffed. We would like to request that additional funding be added to that program.

Another concern is our tribal courts program. Enactment of the Indian Child Welfare Act is going to create an additional workload. We anticipate that we would need more funding in that area, and we would like to be considered for that.

At this time, I would like to turn this over to Mr. Haven for additional comments to our testimony.

Mr. HAVEN. I am the treasurer of the board of trustees. I have a few comment to add.

Education—I think you have heard some remarks already about some impacts in education that have been created in the Bureau. We find that it is a very complicated sort of a process. We have attempted to build our education programs through a deliberate planning process only to find us stifled by congressional action as well as by the Bureau action.

The continuing resolution which we have had to contend with in other departments has also created some confusion as well as some financial problems that we have to bear as a tribe because we have to deal with indirect costs, and they presume that we would spend—for fiscal 1982, we have a 23.6—we have gotten ourselves in a no recovery situation on two occasions, and it looks again like we might be in the midst of a no recovery situation. We have improved in our capacity on that.

One other element is yesterday we had the opportunity to hear Assistant Secretary Ken Smith respond to the oversight hearings on closure of boarding schools. I believe we have to make comment as well on that issue. We have the Chemawa boarding school and we are concerned about arbitrary measures to close off-reservation boarding schools. We feel it is an alternative not otherwise available in the public school system. As an educator, I have experience and feel that the public school system is not necessarily able to handle the culturally different children. And there is some progress gained in that, but still, obviously, a lot of progress to go.

I do not know if this relates to this committee, but it's something that is clearly a factor when we are talking about the shortfall of budgets and the declining budget. There is some legislation proposed to amend the Internal Revenue Code which would provide some sorts of remedies, that the tribes would have some alternative to create financing alternatives for revenue sources. I do not know if it is within the committee purview or not.

That would conclude my remarks.

Thank you for the opportunity to testify.

Senator DECONCINI. I will be leaving, and Ms. Linda Richardson, the majority staff member, along with Mr. Magner, will continue the hearing process here. There will be another Senator joining the committee around 4 o'clock.

Are the Seminole representatives here?

Mr. Miller?

[No response.]

Senator DECONCINI. If not, then we will go to the Puyallup Nation.

STATEMENT OF ROBERT SATIACUM, PUYALLUP NATION HEALTH AUTHORITY

ACCOMPANIED BY:

MS. ROLEEN HARGROVE
ROBERT DILLON

Mr. SATIACUM. I have with me two other council members, Roleen Hargrove and Robert Dillon.

We thank you for allowing this time to continue hearing for support for the programs that we do have.

We are located in an area that is centralized for Northwest Indians, and we do service members of other tribes in our areas. So, your continued support is greatly appreciated.

At this time, I would turn the report over to Roleen Hargrove to report on the medical programs.

Ms. HARGROVE. Madame Chairman, I will give you a quick briefing on the background and bring you up to date as to where we are currently.

The Puyallup Indian Clinic was the first 638 program established nationwide 6 years ago, and it was with the support of many of the Members of the Senate. And we have progressed greatly during that period of time. The program provides services to approximately 8,000 Indian people residing within our reservation area.

As the chairman stated, Tacoma, Wash., is located on our reservation. We encompass approximately two-thirds of that city—in addition to that, three other municipalities, the cities of Fife, Milton, and a portion of the city of Puyallup.

Over the last 6 years, the funding for the Indian Health Service contract care has been decreasing. As a result of that, they have been looking to our facility, which is not an IHS facility, to provide services for those Indians who were otherwise utilizing that care. Due to the fact that they had to be cutting back in their budget and services are costing more, they have been, in the last 2 years, under a priority No. 1 level of funding, which is the emergent care.

An example of one of the areas that they did cut out that was available to the Indians was the contracts that they had with pharmacies. There were approximately five pharmacists in our local area that had contracts with them to provide for prescriptions.

Those people are now being referred to our clinic, with no additional funds being made available to us.

The other area that we are concerned, as we have been hearing all day today in these hearings, is the cutback of the CHR program. Again, that provides many services that would not otherwise be available to the elders of our community. It is difficult for them to get into the clinic, therefore we utilize our community health nurses to provide services to them.

Ms. RICHARDSON. On the CHR program, one of the problems, of course, has been the great expansion of the program over the 10-year period from $68,000 to a request last year of $39 million.

Is there some level where you can say this is enough or, if not enough, We can live with this?

Mr. HARGROVE. Where you could find information in regards to that, in 1979, the tribes were asked to develop their tribal specific health plans, identifying exactly where their needs lay and what their priorities are. And that does identify the number of people that we feel are necessary for the program.

Ms. RICHARDSON. We would have to go through 500 plans and add them all up.

Mr. HARGROVE. We just want to say that we do want to see that continue.

Also, we support the urban programs' providing services to the Indians. The PHS Hospital closure has affected us greatly. The Indians that we have been referring up there are going to have to be going elsewhere at a higher cost.

Over all, we just want to say that we realize that there are no additional funds available. But we do want to request that the Senate look very hard at keeping the funding intact. And we are trying the best we can to stretch, also.

Ms. RICHARDSON. There may be sympathy for some changes in the budget.

Mr. DILLON. The current Federal funding of the fisheries program is inadequate. The Federal court decision in Supreme Court affirmation of phase one, the so-called *Boldt* decision, mandated tribal fisheries management programs to insure equitable distribution of salmon. More recent Federal court decision concerning phase two, *United States* v. *Washington*, the *Orrick* decision, recognizes the need for habitat protection to insure fish runs, has placed additional restraint on travel, fisheries funding, that has been uncompensated by the Federal Government. Federal funding, based on the phase one decision, has suffered reduced effectiveness due to inflation.

Finally, the benefits from fishing accrued, according to all citizens, from all industries—increasing Federal funding allotments to Pacific Northwest tribes is the only way to preserve this once abundant and most noble of fish, the Pacific salmon.

I guess that will have to do.

Thank you.

Ms. RICHARDSON. Thank you.

Mr. Langdeau from the Lower Brule Sioux Tribe.

STATEMENT OF ORVILLE LANGDEAU, LOWER BRULE SIOUX TRIBE

ACCOMPANIED BY MR. MOSS

Mr. LANGDEAU. The Lower Brule Tribe has 158 members, of whom 50 percent are unemployed, but we have not just sat back and asked Washington to take care of us. In spite of limited resources, Lower Brule is trying to bring jobs to the reservation. We will not shirk our responsibility to better ourselves.

You have a copy of our prepared statement. I will just summarize these remarks to give you a chance to ask questions if you wish.

Ms. RICHARDSON. That would be fine.

Mr. LANGDEAU. First, we are against the big deficit in the President's budget. Our reservation depends on agriculture. When the Government drives interest rates up, we cannot afford to borrow money for agricultural loans. Second, we are proposing a kind of direct funding for Indian tribes. We would like to get our funding straight from the Treasury without all of the middlemen taking their share. Third, we are supporting a binding clause in the appropriations act for the Department of Defense. The language in the 1982 bill does not have enough teeth for an office and the BIA to help tribes get contracts from the Pentagon.

In regard to the BIA budget, we support the irrigation construction funding and increases in business enterprise development and roads maintenance. We are against increases in employment assistance, unless it provides jobs on reservations. We are also against a big cut in roads construction. We also ask for language in the bill to assure us funds to fix our streets which have been torn up to put in a new water main.

Ms. RICHARDSON. What happened to the water main?

Mr. LANGDEAU. The complete system had to be torn up and it left us without funds to repair the streets and sidewalks, driveways. We just had to tear everything up.

Ms. RICHARDSON. That was when the water main was put in?

Mr. LANGDEAU. Yes; and the town was relocated some years back, and artesian water was used and cast iron pipes began to corrode. We had to tear them up.

Ms. RICHARDSON. Did the Indian Health Service help?

Mr. LANGDEAU. They helped with the water system. The biggest portion was through the HUD community development block grant.

On the IHS side, we are against the phaseout of the CHR program. They provide access to medical care. Without access, the best system in the world cannot improve health.

Finally, we want to be the part of a demonstration project to see if contract health care funds can be used to buy insurance premiums. We have some analysis to show that we can get more benefits for the same money we have now by purchasing insurance on all of our people.

In general, we ask your support to help us help ourselves. Thank you.

Ms. RICHARDSON. Thank you. Your prepared statement will be placed in the record.

We were scheduled for a break at 3 o'clock until 3:15. We will take that break now and reconvene at 3:15.

[A brief recess was taken.]

[The statement follows:]

STATEMENT OF ORVILLE C. LANGDEAU

MY NAME IS ORVILLE C. LANGDEAU. I AM THE TRIBAL CHAIRMAN OF THE LOWER BRULE SIOUX TRIBE IN SOUTH DAKOTA. I THANK YOU FOR THE OPPORTUNITY TO TELL YOU HOW MY TRIBE FEELS ABOUT ISSUES IN THE 82 BUDGET. MY REMARKS ARE DIVIDED INTO THREE SECTIONS: 1.) GENERAL IMPRESSIONS OF THE PRESIDENT'S BUDGET, 2.) SPECIFIC ISSUES REGARDING BIA BUDGET AUTHORIZATIONS, AND 3.) ISSUES INVOLVING THE INDIAN HEALTH SERVICE BUDGET.

1. GENERAL IMPRESSIONS

FIRST, LET ME SAY THAT THE LOWER BRULE SIOUX TRIBE IS NOT OPPOSED TO THE PRESIDENT'S BUDGET IN GENERAL EXCEPT FOR THE HUGE DEFICIT WHICH IS BEING PROJECTED. OUR TRIBE DEPENDS FOR ITS ECONOMIC SURVIVAL ON AGRICULTURAL PRODUCTION. THE GOVERNMENT'S NEED TO BORROW MONEY RAISES THE COST OF INTEREST FOR EVERYONE. OUR RANCHERS AND OUR TRIBAL FARM OPERATE ON VERY SLIM MARGINS. INTEREST CHARGES ON OPERATING LOANS ARE DESTROYING THESE MARGINS. ANOTHER YEAR OF HIGH INTEREST AND DEPRESSED PRICES WILL MAKE SOME OF OUR SMALLER OPERATORS, GO UNDER.

IN GENERAL, WE AGREE WITH THE ADMINISTRATION'S EFFORTS TO CUT THE COSTS OF GOVERNMENT. WE APPLAUD THE IDEA OF THE NEW FEDERALISM. BUT WE DON'T THINK THE IDEA GOES FAR ENOUGH. WE FAVOR GETTING RID OF ALL THE "MIDDLEMEN" IN THE INDIAN BUREAUCRACIES AND STARTING SOME FORM OF DIRECT FUNDING. THIS COULD BE DONE OUT OF THE TREASURY LIKE THAT OTHER NEW FEDERALISM PROGRAM KNOWN AS REVENUE SHARING.

ALL FUNDS EAR MARKED FOR FEDERALLY RECOGNIZED TRIBES, WHATEVER THEIR CATEGORICAL NATURE OR AUTHORIZING LEGISLATION COULD BE LUMPED TOGETHER AND AN AMOUNT BE ASSIGNED TO EACH TRIBAL GOVERNMENT ON SOME EQUITABLE BASIS. TRIBES WOULD THEN BUDGET THE TOTAL ACCORDING TO ITS OWN FORMALLY STATED PRIORITIES, SUBJECT TO THE REVIEW OF A STAFF PERSON IN OMB, GAO OR THE U.S. TREASURY. UPON SIGN-OFF BY THIS ONE STAFF PERSON, A LETTER OF CREDIT WOULD BE ISSUED FROM THE TREASURY FOR THE WHOLE AMOUNT, SUBJECT TO MONTHLY MAXIMUMS AS DEFINED IN THE TRIBE'S CASH MANAGEMENT PLAN. QUARTERLY FINANCIAL AND PROGRAM REPORTS COULD BE SUBMITTED EITHER TO GAO OR OMB AND AN ANNUAL AUDIT OF ALL TRIBAL ACTIVITIES COULD BE CONDUCTED BY A CERTIFIED PUBLIC ACCOUNTANT TO BE FILED WITH OMB OR GAO. COST SAVINGS IN THE BUREAUCRATIC TIERS OF GOVERNMENT WOULD BE ENORMOUS IN THIS APPROACH, BUT THE GOVERNMENT-TO-GOVERNMENT RELATIONSHIP AND THE UNITED STATES' TRUST RESPONSIBILITY WOULD BE MAINTAINED WITEOUT TERMINATION.

THIS SYSTEM WOULD REQUIRE A FAIRLY COMPLETE REDEFINITION OF THIS ADMINISTRATION'S INDIAN POLICY BUT WOULD SEEM TO BE CONSISTENT WITH ITS THEORETICAL BASIS. THE REDEFINITION COULD PERHAPS BE BEGUN IN THE AUTHORIZATION DELIBERATIONS BEFORE THIS CONGRESS.

IN THE SHORT TERM, WE RECOMMEND OTHER STEPS TO BE UTILIZED TO IMPROVE THE ECONOMIC STATUS OF TRIBES. WE RESPECTFULLY REQUEST THAT THE ACTION TAKEN BY THIS CONGRESS IN THE LAST SESSION BE CONFIRMED AND STRENGTHENED. SECTION 789 OF P.L. 97-114 MAKES IT AT THE DISCRETION OF THE SECRETARY OF DEFENSE TO MAKE PURCHASES OF THE PRODUCTS OF INDIAN INDUSTRY. WE REQUEST THAT A TWO-PRONGED EFFORT BE MADE TO INCREASE THE EFFECTIVENESS OF "BUSINESS ENTERPRISE DEVELOPMENT" OF TRIBES. FIRST REQUIRE THE BUREAU OF INDIAN AFFAIRS TO STAFF AN OFFICE TO PROVIDE LIAISON BETWEEN TRIBES AND PROSPECTIVE DEFENSE CONTRACTORS TO ASSIST IN THE DEVELOPMENT OF JOINT VENTURES FOR DEFENSE CONTRACTS. SECOND, STRENGTHEN THE LANGUAGE IN THE DEFENSE APPROPRIATIONS BILL TO REQUIRE THE SECRETARY OF DEFENSE TO ACCEPT RESPONSIVE BIDS FROM RESPONSIBLE INDIAN-OWNED DEFENSE CONTRACTORS.

2. SPECIFIC RECOMMENDATIONS

OUR REMARKS IN THIS SECTION WILL DEAL ALTERNATELY WITH THE PRESIDENT'S BUDGET FOR BUREAU OF INDIAN AFFAIRS AND THE BUDGET PROPOSED FOR INDIAN HEALTH SERVICE. ON THE BIA SIDE, WE HAVE EXAMINED THE PROPOSAL AND, OF COURSE, SUPPORT THE APPROPRIATION OF $2,600,000 FOR THE GRASSROPE IRRIGATION PROJECT ON THE LOWER BRULE RESERVATION. AS YOU KNOW, OUR RESERVATION'S PRIME AGRICULTURAL LANDS WERE TAKEN BY THE FLOOD CONTROL ACT OF 1944 TO ASSURE DOWNSTREAM STATES AND MUNICIPALITIES RELIEF FROM THE DISASTROUS ANNUAL FLOODS. IN COMPENSATION FOR THIS TAKING OF OUR LAND, WE REQUEST THAT YOU SUPPORT WHOLEHEARTEDLY THIS APPROPRIATION TO COMPLETE THE IRRIGATION FACILITIES BEGUN IN FY 82.

WE ALSO SUPPORT THE ADMINISTRATION'S EFFORTS TO INCREASE THE LINE ITEMS IN THE BIA'S BUDGET FOR ECONOMIC DEVELOPMENT AND EMPLOYMENT PROGRAMS. HOWEVER, WE NOTICE THAT EMPLOYMENT DEVELOPMENT HAS BEEN INCREASED TO $28,410,000 OVER THE FY 81 ESTIMATE OF $27,120,000. WE WOULD PREFER THAT LESS FUNDING BE PROVIDED FOR EMPLOYMENT ASSISTANCE, AND SAVINGS IN THIS LINE ITEM SHOULD BE TRANSFERRED INTO BUSINESS ENTERPRISE DEVELOPMENT, WITH THE RESTRICTION THAT SUCH ENTERPRISES BE RESERVATION BASED. EMPLOYMENT OPPORTUNITIES ON RESERVATIONS WILL BE INCREASED IN DIRECT PROPORTION TO DEVELOPMENTS IN BUSINESS ENTERPRISES

ON RESERVATIONS. WE DO NOT AGREE WITH THE REDUCTION PLANNED IN ROADS CONSTRUCTION ($8,000,000), ALTHOUGH THIS IS PARTIALLY OFFSET BY A 4.5 MILLION INCREASE IN ROAD MAINTENANCE. AS YOU KNOW, THERE IS A CLOSE RELATIONSHIP BETWEEN ROADS/ STREETS AND ECONOMIC DEVELOPMENT, BOTH AS A SOURCE OF EMPLOYMENT AND AS INFRASTRUCTURES FOR INDUSTRIAL OR AGRICULTURAL DEVELOPMENT. TRIBES SHOULD BE LISTENED TO CLOSELY WHEN COMPLAINTS ARE MADE ABOUT ROADS AND IT IS A FALSE ECONOMY TO CUT BACK WHEN ECONOMIC DEVELOPMENT SEEMS TO BE THE GOVERNMENT'S GOAL. IF THE PROBLEM IS THE INABILITY OF BIA TO SPEND ITS ROADS CONSTRUCTION FUNDS, THEN GIVE IT DIRECTLY TO THE TRIBES AND WE WILL GET THE WORK DONE OURSELVES.

A PARTICULAR PROBLEM EXISTS ON OUR RESERVATION IN REGARD TO THE TOWN STREETS. THE TOWN'S WATER MAIN IS BEING REPLACED WITH FUNDING FROM THE HUD COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM. BUT NO FUNDS ARE AVAILABLE TO COME THROUGH AFTER THE PIPE CREWS AND REPLACE THE STREETS AND REPLACE SIDEWALKS. THE TOTAL JOB IS ESTIMATED TO COST $360,000 AND WE WISH TO HAVE THE SUBCOMMITTEE CONSIDER INCLUDING THIS IN THE ROADS REPAIR BUDGET BY NAME.

ON THE IHS SIDE WE DISAGREE COMPLETELY WITH THE DELETION OF THE CHR LINE ITEM FROM THE BUDGET. WE HAVE THE IMPRESSION THAT THIS ACTION INITIATED FROM IHS ITSELF, WHICH SEEMS TO BE JUDGING THE PROGRAM TO BE EXPENDABLE. THIS IS UNACCEPTABLE TO OUR TRIBE, AND WE SUSPECT, TO A GREAT NUMBER OF TRIBES. IT REFLECTS A TOTAL LACK OF UNDERSTANDING OF CONDITIONS ON OUR RESERVATION AS ON MOST RESERVATIONS. THE CHR'S REPRESENT ACCESS TO HEALTH SERVICES ON MOST RESERVATIONS, ESPECIALLY FOR THE POOR AND UNEMPLOYED WHO HAVE NO TRANSPORTATION. THE NEAREST CONTRACT PHYSICIAN FOR LOWER BRULE IS 30 MILES AWAY IN CHAMBERLAIN, SOUTH DAKOTA. THERE IS NO GYNECOLOGIST, PEDIATRICIAN, ALLERGIST OR OTHER SPECIALIST CLOSER THAN PIERRE, WHICH IS 60 MILES AWAY. LOWER BRULE DESPERATELY NEEDS A CHR PROGRAM OR SOMETHING COMPARABLE.

ON A MORE POSITIVE NOTE, WE WOULD LIKE TO PROPOSE A STRUCTURAL CHANGE WHICH COULD HELP INDIAN TRIBAL HEALTH PROGRAMS MAKE THEIR DOLLARS GO FARTHER IN SPITE OF BUDGET CUTS. WE PROPOSE TO TAKE THE CONTRACT HEALTH CARE FUNDS ALLOCATED TO OUR TRIBE AND USE MOST OF THEM TO PAY PREMIUMS ON A FULL COVERAGE GROUP MAJOR MEDICAL, HOSPITALIZATION AND DENTAL CARE INSURANCE POLICY. THE BALANCE OF THE FUNDS WOULD BE USED TO PAY INDIVIDUAL AND FAMILY DEDUCTIBLES, CO-INSURANCE PAYMENTS AND EXCLUSIONS. THE NET EFFECT WE THINK, WOULD

BE A GUARANTEED MAXIMUM AMOUNT PAYABLE PER YEAR. THE RESULT TO OUR PEOPLE WOULD BE INCREASED BENEFITS WITHOUT INCREASED COSTS, SINCE CHS NOW COVERS ONLY URGENT AND EMERGENCY CASES.

SO, WHAT DO WE NEED FROM CONGRESS? WE HAVE BEEN INFORMED BY IHS THAT THE GOVERNMENT USES A SELF-INSURANCE APPROACH AND THAT STATUTORY, OR REGULATORY PROHIBITIONS EXIST DISALLOWING THE USE OF CONTRACT HEALTH CARE DOLLARS TO PURCHASE INSURANCE. WE REQUEST LANGUAGE IN THE APPROPRIATIONS ACT SPECIFICALLY ALLOWING THE APPROACH WE SUGGEST, AT LEAST ON AN EXPERIMENTAL BASIS FOR A FEW TRIBES. THE LOWER BRULE SIOUX TRIBE WISHES TO BE A PARTICIPANT IN A DEMONSTRATION PROJECT SUCH AS THIS.

FINALLY, WE WISH TO INFORM THE MEMBERS OF THIS COMMITTEE OF THE TRIBE'S PLANS TO USE THE HEALTH PROGRAMS AS A MEANS NOT ONLY OF MEETING THE MEDICAL NEEDS OF OUR PEOPLE BUT ALSO OF ATTAINING A MEASURE OF ECONOMIC SELF SUFFICIENCY. WE ARE PUTTING TOGETHER SOME OF OUR OWN RESOURCES TO SET UP A HEALTH DELIVERY SYSTEM ON THE RESERVATION WHICH CAN BE ACCREDITED TO RECEIVE THIRD PARTY PAYMENTS WHICH COULD KEEP THE OPERATION ALMOST AT A BREAK-EVEN POINT. ONCE ACCREDITED, WE WANT TO SELL THESE SERVICES ALSO TO NON-INDIAN PEOPLE IN OUR AREA TO ACCRUE A MODEST PROFIT. WE DON'T NEED ANYTHING FROM YOU ON THIS VENTURE THAT WE CAN SEE RIGHT NOW, BUT IT MAY BE NECESSARY SOMETIME IN THE FUTURE TO SEEK YOUR HELP IN CLEARING STATUTORY ROAD BLOCKS ONCE WE IDENTIFY THEM. THIS PLAN IS STILL AT THE CONCEPTUAL STAGE.

CHAIRMAN AND MEMBERS OF THE APPROPRIATIONS SUB-COMMITTEE, THANK YOU FOR THIS CHANCE TO EXPRESS OUR NEEDS.

Senator BURDICK [presiding]. We will now hear some testimony from the North Dakota Standing Rock Sioux Tribe.

STATEMENT OF MR. WHITE LIGHTNING, MEMBER, TRIBAL COUNCIL, STANDING ROCK SIOUX TRIBE, FORT YATES, NORTH DAKOTA

ACCOMPANIED BY:
ROBERT McLAUGHLIN, STAFF ASSISTANT TO THE CHAIRMAN
ALLEN PARKER

Mr. WHITE LIGHTNING. I am on the tribal council of the Standing Rock Sioux Tribe. I have Robert McLaughlin with me, who is staff assistant to the chairman, and I have on my left, Allen Parker.

Senator, I would like to proceed with my testimony.

I thank the committee for providing the tribe this opportunity to present our brief spoken testimony. I would like to request your help in meeting some of our highest priority needs. All of you are aware of the conditions characterizing American Indian reservations.

I will not present a complete inventory of Standing Rock's unmet needs and program shortages. We at Standing Rock realize that today there are so many people seeking these dollars. Consequently, the written testimony only has our priorities. They are four in number, and I would like to list them here.

We ask the committee move forward with our school construction request for elementary schools in the reservation communities of Little Eagle and Bullhead.

Second, we urge your support for the Standing Rock irrigation project, which is in President Reagan's budget.

And third, we ask that you support our request to increase the Indian Public Health Service budget for reservation alcoholism treatment and the ambulance and community health representative programs and the construction moneys to improve the outpatient and general health care facilities at Standing Rock.

And we submit a statement and paper that calls your attention to the need to improve opportunities for economic development to reduce the level of Federal dependence.

These have been described in the attached written testimony; however, I would be pleased to answer any questions you may have regarding these.

Thank you, sir. This is the extent of our testimony.

PREPARED STATEMENT

Senator BURDICK. The balance of your testimony will be made a part of the record.

[The statement follows:]

STATEMENT OF MR. WHITE LIGHTNING

Standing Rock's Four Special FY 1983 Funding Priorities

The four special FY 1983 funding priorities requested by the Standing Rock Sioux Tribe are described below. Each of these descriptions includes a budget figure. Each provides details and justification for the priority request. Before turning to these four special priorities, however, some background on the overall funding situation at Standing Rock Indian Reservation is provided as follows:

As the Committee knows, the Bureau of Indian Affairs and the Indian Health Service are the two Federal agencies possessing continuous program responsibilities on American Indian reservations. And, needless to say, while the Standing Rock Sioux Tribe may differ with these two agencies in terms of the specific amounts the agencies request for their operations on Standing Rock Reservation, the Tribe does support both agencies in their overall efforts to obtain the program funds needed to bring American Indian reservations into the mainstream of national life. For example, the Tribe supports the efforts of the Bureau of Indian Affairs to obtain approval for their FY-1983 budget strategy for economic development request which is important to the initial development today of individual and tribal Indian enterprise. Or, again, the Tribe supports the continuing efforts of the Indian Health Service to obtain the funds and human resources needed to provide adequate health care on Standing Rock. Serious problems have arisen in connnection with the delivery of health services on Indian reservations because of freezes on government hiring. As an analysis based on conventional health care standards reveals, the Standing Rock Service Unit of the Indian Health Service has been, over the years, grossly understaffed with key medical personnel. Freezes on government hiring exacerbates personnel shortages, e.g., nurses, lab technicians, etc. In turn, these shortages exacerbate the problems faced by reservation Indian people in obtaining adequate health care.

As was stated earlier, the Standing Rock Sioux Tribe recognizes that there are just so many Federal dollars and that many people are seeking them. But we hope that this Committee recognizes some of the overall funding and human resource problems faced by the Bureau of Indian Affairs and the Indian Health Service and examines possibilities of improving this situation.

1. Little Eagle and Bullhead Elementary Schools

Estimated Construction Budget, Little Eagle	- $3,500,000
Estimated Construction Budget, Bullhead	- $3,250,000

Over a decade has now passed since concerned parents and educators of the Little Eagle and Bullhead communities on Standing Rock initiated their efforts to program, design, and construct replacement schools for the two dilapidated and condemned facilities in their respective communities. Congress has supported these efforts throughout the seventies for the development of education specifications (FY-72) and, later, funds to complete final architectural and engineering designs (FY-74). Final drawings have been ready for construction funding for nearly two years. In 1981, the Bureau of Indian Affairs ranked our Little Eagle Project as its number two priority for new school construction. The Bullhead facility was ranked 15th out of the 41 schools which were ranked nationwide by the Bureau of Indian Affairs.

To reiterate the need for the two schools, we will go back to our testimony before this Committee in May, 1975, and April, 1978. Since this period, it should be pointed out for the record, the two condemned facilities have continued to deteriorate.

The Little Eagle School - 1975 Testimony:

> "The existing school building at Little Eagle was constructed in 1934 and a small gymnasium and other facilities were added in 1939. The deterioration of the past 38 years and the increased enrollment at the school makes the entire building totally inadequate to meet the needs of a quality education program for Little Eagle children.

"The present school plant does not meet state or Federal fire or sanitation requirements. The gymnasium and dining facilities are grossly inadequate. The electrical system is old and extremely dangerous. The hot water system is inadequate. The radiators and pipes need immediate replacement. The lack of good ventilation and humidity control represent a continuing health problem. There is a definite lack of storage space throughout the building. The continuing need for maintenance and repairs is extremely costly. The inside play areas are inadequate. Outside play areas are not surfaced and, therefore, become pools of mud during times of rain or melting snow. Finally, there is a definite lack of teachers' housing."

1978 Testimony - From Adele F. Little Dog, Principal, Little Eagle Day School:

"The building was constructed with only three (3) regular classrooms to accommodate combined grades from 1 through 8, with other necessary spaces provided. The building is obsolete in terms of space for a quality educational program. Little Eagle Day School has enrolled a range of from 85 to 104 students during the 1977-78 school term. Remodeling an old building would be extremely costly. Inspectors have never crawled under the space between the floor of the building and the foundation and basement area to check on the 2 x 4's or 2 x 6's to see the rotten boards. The maintenance of this old school is good. However, remodeling or replacing the total floor would be very expensive. The wooden beams in the gymnasium area are splitting and someday the roof will cave in on that particular area. The electrical and heating systems are outmoded. Some classrooms are too warm while other are so cold that students wear jackets."

The Bullhead School - 1975 Testimony:

"The original two classrooms at Bullhead were constructed in the early 1930's and a third classroom was added in 1954. Today, due to the physical deterioration and lack of required educational space, the building is grossly inadequate and cannot begin to provide a positive educational experience for the children. Among the inadequacies found in the Bullhead Elementary School are the following:

"a) Due to the lack of classroom space, two classes are now being held in the basement under highly undesirable and unsafe conditions. In the event of a fire, the children would have to walk up a steep stairway (approximately 3'-6" wide) and could very easily be trapped in the basement. Open pipes. cold walls, unshelved supplies, inadequate lighting, unsanitary ceilings, walls and floors, and other detrimental conditions are but a partial picture of the basement space now being utilized for the instruction of Indian children in Bullhead. Coupled with this unsafe and unsanitary condition is the fact that the basement walls and floors are cracked, thus, allow flooding conditions following a rain or run-off from the melting snow.

"b) The entire building is poorly lighted, lacks proper ventilation, and lacks humidity control.

"c) The building has inadequate entrances and exits and present door hardware does not meet safety requirements.

"d) The building has deteriorated to the point that acceptable maintenance is not acceptable.

"e) The entire building does not meet the state or Federal requirements for fire safety or sanitation.

> "f) Play areas in the building are not available to the children during inclement weather and outdoor playgrounds are not surfaced. Thus, after a rainstorm or following the melting of snow, the outdoor play areas become a sea of mud.
>
> "g) There is a lack of teachers and staff housing. Three teachers have to commute from McLaughlin which is 21 miles away. The existing housing is poorly constructed and has led to a teacher turnover of approximately 100% during the past few years."

The Tribe and the parents and educators of the communities of Little Eagle and Bullhead on the Standing Rock Indian Reservation once again request in earnest that the U.S. Congress recognize the obvious need to replace these two facilities under their right and responsibility as trust agent for Indian education advancement. There is no doubt that the Little Eagle and Bullhead communities are clearly in terms of economy and community finance "domestic dependency" entities. Standing Rock remains among the severest dependencies found in the world today. Under such conditions, the trust relationship between the United States and Standing Rock remains in full force and effect.

2. The Standing Rock Irrigation Project

Proposed Budget - $1,000,000 (FY-83)

The Standing Rock Sioux Tribe supports the President's FY-83 budget request for $1,000,000 to assist the Tribe in the development of the second phase of the Tribal Irrigation Project. The project is located south of Fort Yates, North Dakota, on prime tribal irrigation lands adjacent to the Oahe Reservoir. Several recent studies conducted by qualified agricultural engineers have concluded that this project will be highly productive.

The Standing Rock Reservation Water Resources Evaluation, Phase 3, recently completed under a special Bureau of Indian Affairs technical assistance contract, determined that the Standing Rock Sioux Reservation has the immediate capacity to put under irrigation 4,097 acres of center pivot irrigable lands. [1] Furthermore, the Missouri River's Oahe Reservoir - which has an annual flow by of 19 million acre feet - forms the Reservaton's eastern boundary. When these two facts are juxtaposed, is is clear that the Standing Rock Sioux Tribe has a major opportunity to improve agricultural productivity through irrigation development. It should also be noted that this initial demonstration project, in addition to its positive benefits as a production unit, will serve as a local model for those Indian agricultural producers who wish to improve their own farm and ranch operations through irrigation investments.

Positive economic development opportunities are scarce in the reservation environment. We believe that the Administration's irrigation budget request, if approved by Congress, can contribute significantly to our overall goal to reduce tribal dependency while increasing Reservation productivity.

3. Reservation Indian Health Care

Our testimony for health care will focus on three important health concerns: a) Alcoholism; b) The Ambulance/Community Health Representative Programs; and c) the need to provide for improved hospital out-patient services at the Fort Yates and McLaughlin communities on Standing Rock.

a) Standing Rock Alcoholism Treatment and Prevention Program

Proposed Budget - $301,346

The persistence of chronic high rates of alcoholism among our reservation Indian people has been identified as the number one health problem on Standing Rock. Continued and increased support of the Tribal Alcoholism Treatment and Education Program is critical to provide professional assistance to Indian residents afflicted with alcoholism health problems. Furthermore, since reservation criminal arrest rates and violence are significantly linked to the use of alcohol, there is an important social support function provided by the Tribal Treatment and Prevention Program.

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[1] See: "Standing Rock Irrigation Project of the Standing Rock Sioux Tribe," (Assessment of Development and Environmental Impact), prepared for the Bureau of Indian Affairs by Morrison-Maierle, Inc., March, 1981, Pp.1-2.

The Standing Rock Alcoholism Treatment and Prevention Program was initiated in 1971 as a pilot project. Funding of $76,000 was supplied for the project. A minimum staff and program was established which included the Director's salary, a Secretary, and a Registered Nurse to manage the detoxification unit. Support costs for meals and treatment was included, but only at minimal levels. The treatment goals of an expanded alcoholism program are to provide detoxification care and a broad range of counseling services. These goals will be realized through the operation of a detoxification unit and the provision of para-professional counseling services. The preventive goals of the alcoholism program are to provide information on the social undesirability of the sustained use of alcohol and on the diagnosis of alcoholism. These objectives will be attained through education presentations.

During the early years, the Alcoholism Treatment and Prevention Program was forced to rely on tribal manpower programs for staff. Initially, this did not present a problem since the program itself was a pilot project. During the mid-seventies, however, this became a problem as the alcohol program had become well established and steadily increasing community demands for more educational services as well as individual and family counseling made it mandatory to increase staff professionalism. The fact that the present annual funding remains at the same level as in 1971 presents a serious capability problem for the program.

For FY-1983, the Standing Rock Sioux Tribe is requesting $301,346 in funding a complete Treatment and Prevention Program. An increase to this amount will eliminate the problems presented by the fact that funding for alcoholism treatment has not increased since 1971. Funding at the new level will enable the Tribe to place the program on a sound professional basis. Under the funding called for here, it will be possible to employ permanent staff, provide this staff with professional training and develop a full array of professional counseling services.

b) The Community Health Representative/Emergency Medical and Ambulance Programs

The Community Health Representative Program

Proposed Budget - $315,012

The Community Health Representative, CHR, Program has become an integral part of the health care delivery system on the Standing Rock Indian Reservation. Community Health Representatives, CHRs, provide services ranging from home nursing, nutrition, to administration of standard diagnostic tests, e.g., blood pressure measurement, to the provision of over-the-counter medication. The CHRs are also charged with staging District Health Workshops to which individuals in the reservation communities are acquainted with techniques of disease prevention.

Given the remote location of Standing Rock's small communities in relation to the hospital in Fort Yates, the CHR Project has provided invaluable outreach assistance to reservation residents. The program is viewed by district community residents as one of the most important of all Tribal service programs. It is also considered by health care professionals as a valuable preventive program as well as a service which reduces the necessity for expensive hospital services by identifying and addressing health problems before they reach an advanced state. CHRs also coordinate with other service programs such as the Special Supplemental Food Program for Women, Infants, and Children known as WIC (See Appendix No. 1). The continued funding support of the CHR program by Congress is of critical interest to the resident population on Standing Rock which is most in need of "safety net" services, i.e., the elderly, the infant, the sick, and the children located throughout Standing Rock in remote communities.

Emergency Medical and Ambulance Program

Proposed Budget - $324,965

The Tribally controlled Medical and Ambulance Program was initiated in 1974 and it has become an integral part of the health care delivery system on the Standing Rock Indian Reservation.

Program services are available 24 hours a day, 7 days a week and the para-professional emergency medical technicians providing these services have become a vital link in pre-hospital emergency care. They are trained in various life support treatment activities, including control of bleeding, shock, cardio-pulmonary resusitation, childbirth, burns and bites. In a number of instances, these para-professional technicians have provided life-saving services. For example, one technician succeeded in reviving a patient who was in complete cardiac arrest. 162 calls were responded to between October 1, 1981, to February 15, 1982. These calls required 9,000 miles in ambulance travel. The program averages 55 runs a month or between 600-700 runs per year.

The Emergency Medical and Ambulance Program was initiated and has been maintained through a combination of Indian Health Service and tribal resources. Indian Health Service purchased the program's three ambulances and the Tribe provided a building to house these vehicles. The Indian Health Service provides annual support for the salary of a program director and such operating costs as insurance, gas, etc., while the Tribe assists with staff for the emergency program from Tribal work programs.

We urge the Committee to recognize the importance of this Program and assist the Tribe in obtaining the requested funding in the form of a separate line-item budget from the Indian Health Service.

c) Outpatient and General Health Care Facilities

Proposed Budget - $950,000

Outpatient facilities at both the Fort Yates Hospital and the McLaughlin clinic are completely inadequate. Both facilities have less than half the patient examining rooms needed considering the number of medical personnel and amount of patient usage; the dental clinic and the pharmacy at the Fort Yates Hospital have only half the space needed to provide proper services (pharmacy supplies are stored all over the hospital); medical records facilities are grossly short of space; and finally, the physical layout of both facilities requires the prolonged mingling of sick and well in corridors and waiting rooms, a practice which violates minimum standards of medical practice.

The Aberdeen Area Office of the Indian Health Service has recognized and documented these problems. And, some two years ago, it contracted with the Standing Rock Sioux Tribe to review alternatives for improving the situation; the Tribe initiated this study, utilizing, among other things, outside consultants with expertise on health care delivery.

It is apparent that renovation and new construction is the only feasible alternative for solving the outpatient and general health care problems; and that $950,000 will be required to bring the McLaughlin clinic and the Fort Yates Hospital to a proper level of efficiency with respect to handling the growing number of outpatient visits and doing this in a way that segregates sick from well. [1]

However, through judicious planning, the construction called for in connection with improving outpatient services will do more than solve the outpatient problem. It will also make it possible to bring all of the activities at the Fort Yates Hospital under one roof. No longer will it be necessary to use a trailer as an eye, ear, nose and throat clinic; no longer will it be necessary to use one entrance for both emergency ambulance activities and the delivery of hospital supplies; no longer will it be necessary to store general hospital supplies in a separate building elsewhere at Fort Yates.

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[1] See Appendix 2 for Standing Rock Out-Patient Study.

The improvement of health care facilities on the Standing Rock Indian Reservation is one of the more important of Standing Rock's special 1983 funding priorities and we strongly urge the Committee to earmark funding for the renovating and new construction required.

4. Statement on Economic Development, The Tribe's Highest Priority

Chairman Pat McLaughlin's Major Policy Initiative Statement for his Administration - November 16, 1981:

> "Since being seated as Tribal Chairman, I have studied the major problems and needs which the Tribe today must face. I have concluded that economic development is the Tribe's greatest challenge. There are many reasons for this. First, real unemployment among Tribal members is extremely high - nearly 90%. Jobs related to industry, agriculture, and business are scarce. As a result of this condition, Tribal members face economic uncertainties because of unemployment conditions and job scarcity. Second, no society can face the challenges of day to day existence when it is crippled with a poor economy, one lacking self-sufficiency. The negative consequences of a poor economy are reflected in family stability and health. Because of these reasons and many others, I have decided that my new administration's primary policy objective will be to develop wherever and whenever possible the economy of the Tribe. We will do this by reorganizing this administration so that existing Tribal staff resources will begin to focus on economic development objectives. I call upon every Tribal Council member, every Tribal staff member, and every member of the Tribe to assist me and my staff in this important goal."

There exists a critical need for capital to finance those projects in Indian Country which can show a satisfactory high rate of return on investment. At present, because of the almost total lack of financial structure throughout Indian Country, there is no such thing as capital market access other than through external or government intermediation sources. This kind of blockade to Indian Country investment has resulted in and will continue to produce increased rates of income dependency in Indian enclaves.

A partial, but limited, solution was presented by the Tribe in its April 19, 1978, testimony before this Committee. This testimony of four years ago is still relevant, as an initial step, today (See Appendix No. 3).

Mr. WHITE LIGHTNING. We would provide other additional information to substantiate our testimony.

Senator BURDICK. You will have 3 weeks to submit the additional material.

Mr. WHITE LIGHTNING. Thank you.

Senator BURDICK. Mr. McLaughlin, do you want to say a few words?

Mr. MCLAUGHLIN. Mr. White Lightning said it all.

Senator BURDICK. How about you, Mr. Parker?

Mr. PARKER. I think our tribal representatives have economized our statement, and we are prepared to answer any questions.

Senator BURDICK. I would compliment you for staying within the time limit. You did fine. Thank you very much.

At this time I would like to introduce into the record a statement by David N. Gipp, executive director of the United Tribe Educational Technical Center located at Bismarck, N. Dak.

[The information follows:]

STATEMENT OF DAVID N. GIPP, EXECUTIVE DIRECTOR, UNITED TRIBE EDUCATIONAL TECHNICAL CENTER

Mr. Chairman, thank you for the opportunity to submit this testimony for the record regarding the United Tribes Educational Technical Center's (United Tribes and Center) prime contract allocation for fiscal year 1983.

INTRODUCTION AND BACKGROUND

The United Tribes Educational Technical Center is a unique inter-tribal vocational-technical school. Located on a 105-acre campus 3 miles south of Bismarck, N. Dak., the institution is a State chartered nonprofit corporation owned and operated by the five reservations located in whole or part in North Dakota. These reservations include: Three Affiliated Tribes of Fort Berthold, Devils Lake Sioux, Standing Rock Sioux, Turtle Mountain Chippewa, and Sisseton-Wahpeton Sioux Tribe of the Lake Traverse Reservation. Control of the corporation is vested in a 10-member Board of Directors comprised of the tribal chairman and one elected tribal official from each reservation.

As the first tribally controlled residential vocational school in the Nation UTETC is committed to the economic, social, and cultural advancement of Indian people. It is UTETC's philosophy to provide an environment where students and staff can preserve and transmit their knowledge, values, and wisdom to insure the survival of Indian people now and in the future, while increasing individual opportunities to improve the quality of life.

United Tribes has been providing an educational environment designed to fit the needs of a diverse tribal clientele for 13 years. UTETC offers students 14 vocational skill areas from which to chose. The annual enrollment at UTETC from 1979 through 1981 averaged 276 students from as many as 39 different tribes and 16 States. A majority of our students have never spent more than 1 year away from the reservation and have histories of chronic unemployment due to severe lack of jobs and educational deficits which are well below the national average. United Tribes therefore, has for 13 years provided an educational environment designed to fit the needs of a diverse tribal clientele. As such, the center represents the first tangible chance for successful education and employment for most of its students.

UTETC is the only Indian or tribal technical postsecondary institution specifically designed to meet the needs of the American Indian family. This fact is evidenced by a waiting list that consistently numbers over 250. Clearly, United Tribes serves Indian people who are either not well served or not served at all.

PROBLEM

UTETC operates under the auspices of Public Law 93-638, the Indian Self-Determination and Education Assistance Act. The United Tribes prime contract is negotiated with the Bureau of Indian Affairs via the employment assistance direct employment (job placement) activity. (At present we do not have a final allocated amount for fiscal year 1982). Under this system the BIA has the authority to reduce and/or eliminate our funding internally, which makes our program vulnerable to varying BIA priorities with little or no consultation or ability to plan.

SOLUTION

Mr. Chairman, because of our vulnerability under the present system we are requesting that UTETC is provided as a separate line item within the Bureau of Indian Affairs budget. This budget item should be changed from direct employment to the "adult vocational training" activity under the BIA Human Resources Branch of Employment Assistance. If funds are earmarked or provided as a specific item, this action would provide for institutional stability which is lacking under the present system. Mr. Chairman, our request and need for fiscal year 1983 is some $2.48 million for all basic and support operations of the United Tribes Educational Technical Center. We can provide additional detailed justification, statistics, and analyses substantiating this request.

Mr. Chairman, this concludes our testimony. If you should need further information we would be pleased to respond.

Senator BURDICK. I know Mr. Gipp very well. I know the institution that he is supporting. I know the testimony would be most useful to this committee.

Ms. RICHARDSON [presiding]. Mr. Leroy Clifford, the American Indian Higher Education Consortium.

STATEMENT OF LEROY CLIFFORD, EXECUTIVE DIRECTOR, AMERICAN INDIAN HIGHER EDUCATION CONSORTIUM

Mr. CLIFFORD. I would like to summarize my testimony, since there are others who are scheduled to testify after I conclude.

First of all, I would like to just comment on some of the progress that has been made regarding the impact of the Public Law 95-471 funding for tribal colleges. I would like to cite two examples. One is the Dull Knife Memorial College located on the reservation, Northern Cheyenne Reservation in Montana. That particular college, as a result of funding under the legislation, has been able to develop and expand their vocational technical training program, in addition to academic programs which they offer.

I might point out that Dull Knife Memorial College will be submitting, along with the other tribal colleges, 18 of them, their own testimony for the record. So I will just summarize some of the highlights of Dull Knife.

The tribal college had developed training programs to meet the technical and management development needs of ARCO which is located on the reservation. For example, they have been training Indians on the reservation in welding. They have developed programs for ARCO in the secretarial services area and junior management areas.

There is an example where a tribal college, which is concerned with human resource development, is working very closely with a company which is on the reservation, concerned with economic development of natural resources and energy. I might also point out that this is a prime example of how the tribe has recognized that any type of economic development on reservations requires a very strong social and educational component. I think the tribe by allowing the college to begin to work with industry on that reservation is showing that economic development and human resource development are very important copartners in any type of tribal resource development.

I might point out that of 180 graduates at Dull Knife, 130 of them are working at ARCO. It has been found that the Indian employees are less tardy than other employees at the company, and they are finding that Indian turnover is less than non-Indians in that particular situation.

In addition to that, I would like to comment on Turtle Mountain Community College and very quickly cite some of the findings that came out in a survey of graduates at Turtle Mountain Community College. In 1981, Turtle Mountain conducted a follow-up survey on all graduates to date. They found that of the 60 2-year degrees that were awarded, 43 people or graduates responded. The breakdown was that of the 43 who responded, 26, or more than 50 percent of the former graduates went on to complete their bachelor's degree. Two of the graduates from Turtle Mountain have since earned a master's degree. All are currently employed. One is self-employed. Twenty-three are now working in the Turtle Mountain school systems. Six are employed by BIA and other Federal agencies, such as Indian Health Service. Eight are employed by the Turtle Mountain Tribe. One is an ordained priest. One works for the local hospital and four are carpenters, one of whom is a foreman carpenter.

These are just a couple of examples of how the tribal colleges are beginning to recognize their role in terms of training people on the reservation for leadership positions in tribal government and also training people to meet the training and education needs of different types of industry that are on the reservation or who might be coming on the reservation in the future.

So I wanted to bring that out. Thank you very much.

Ms. RICHARDSON. Thank you. Your written testimony will be placed in the record.

[The statement follows:]

STATEMENT OF LEROY V. CLIFFORD

INTRODUCTION

Mr. Chairman and distinguished members of the Subcommittee, my name is Leroy V. Clifford. I am Executive Director of the American Indian Higher Education Consortium (AIHEC) and I am here today to speak on behalf of all of the tribally controlled community colleges which are members of our consortium. Accompanying me this morning are representatives of Oglala Sioux Community College, Sinte Gleska College, Dull Knife Memorial College, Navajo Community College, and Turtle Mountain Community College.

I would like to take this time to thank the Subcommittee and staff for the opportunity to appear before you today to share our concerns regarding the proposed budget for tribal colleges for Fiscal Year 1983. However, before I comment on the FY '83 budget, I would like to present a brief overview about the American Indian Higher Education Consortium and its membership.

The American Indian Higher Education Consortium was founded in October 1972 by six Indian community colleges with a view toward mobilizing a concerted effort to deal with institutional development problems common to all. Today our membership totals eighteen (18) tribally controlled community colleges.

AIHEC is an association of tribally controlled community colleges dedicated to promoting the betterment of postsecondary education for American Indians and Alaskan Natives. These institutions are two-year community colleges offering degree programs at the Associate of Arts level. They are in varying stages of development and their needs differ accordingly. However, they all have definite similarities: they are tribally-chartered thus deriving their authority from their respective tribal governments; their governing boards are comprised of Indian people; their student bodies are predominately Indian; they are located on Indian reservations in isolated locations; they actively reinforce unique tribal cultures while offering traditional curricula geared toward providing students with the educational tools necessary for a productive life in whatever field they choose while retaining their unique cultural heritage; and, most importantly, they are community service oriented.

As relatively new institutions, they remain isolated from the mainstream of higher education in this country and are struggling for survival. They are small and lack complexity, however, the education processes and concepts they represent are the most modern available while at the same time reflecting a unique tribally-based approach to community oriented education.

These colleges represent a new dimension in the field of higher education for American Indians and Alaskan Natives. They are tangible examples of Indian self-determination, a term that signifies the contemporary era of educational programs for Indians by Indians. These colleges reflect a heightened awareness among Indian tribes of their rightful responsibility to chart their own directions in Indian postsecondary education. As new schools, they provide a framework for innovative action as well as realistic access to college level instruction not available otherwise on Indian reservations.

In summary, the American Indian Higher Education Consortium colleges represent an exercise in Tribal sovereignty with which to meet the express needs of each institution's Tribal population. This, in essence, is the basic reason for a Tribal college's existence.

PROGRESS STATEMENT

In terms of meeting the expressed needs of the Indian Tribes they serve, the tribally controlled community colleges have just barely begun to scratch the surface of tribal human resource development needs. Today, more than ever before, there exists a strong tribal need for special manpower training and education in the areas of business management, natural resource and energy development. and overall community development. The tribal colleges have in the past and are continuing to meet these educational needs in health, agriculture, business management, natural resources, and other areas identified by the Tribe(s).

Here are a few examples of how the respective tribal colleges are meeting the expressed needs of the communities they serve.

SINTE GLESKA COLLEGE. Sinte Gleska College is a tribally-chartered, Indian-Controlled Community College of the Rosebud Sioux Tribe located in south central South Dakota. The college was chartered by the Rosebud Sioux Tribe in 1971 in order to provide a geographically accessible and viable higher education program for residents of the Rosebud Sioux Reservation and its surrounding community.

Since achieving candidacy status at the Associate of Arts Degree granting level by North Central Association of Colleges and Schools in 1976, Sinte Gleska has made significant strides in expanding the offering of educational opportunities for its students and in its development toward the goal of accreditation. Sinte Gleska is scheduled to apply and be evaluated for formal accreditation in the academic year 1982 - 1983.

Sinte Gleska has proven its worth on both the statistical level and the innovative quality level. The following are examples of the accomplishments:

1. By 1981 the College had reached over 2700 of the adults on the reservation with college courses and another 1600 with Adult Education courses. The total now exceeds 3600 which is nearly the entire adult population of the reservation. This compares to approximately 180 adult Indians attending off-reservation schools per year. Of these 180, a sizeable percent are transfers from Sinte Gleska College. Sinte Gleska College therefore reaches a population that would never have had the opportunity for a college education.

2. The College has furthered Tribal self-determination by contracting to operate several BIA programs. As an example of the differences between results under the College and under the Bureau, we will use adult education as an example. The Bureau controlled program from 1965 to 1971 produced 100 graduates. Sinte Gleska College produces as many in one year, each year, since its beginning. The Bureau used mostly non-Indian professionals to tutor. Sinte Gleska's staff is all Indian and the majority of its tutors are Indian. The Sinte Gleska program has brought State and Federal funds together. Sinte Gleska's program has received a Right-To-Read grant for adult literacy training. The example is used to show that when Sinte Gleska has assumed responsibility for a program the staff complexion becomes local, the accessibility of local people increases, and the number of successes drastically increases.

3. Sinte Gleska's dropout rate compares quite well with off-reservation colleges. The current rate fluctuates between thirteen and twenty-eight percent. This compares very favorably to fifty percent and higher in off-reservation schools with a 94% attrition rate from four-year degree programs for American Indian students. The majority of our dropouts are no-shows. They sign up and do not come to the first class. Those that come often complete the semester.

4. Graduates of Sinte Gleska College's A.A. degree programs have already received B.A. degrees. Three are completing the M.A. One student has completed all work except the dissertation toward a Ph.D. These are older students and would never have had the chance if Sinte Gleska was not in operation. Our first B.A. graduate last year has been accepted to law school.

5. Materials that have been non-existent previously, have been and are being developed by the college; e.g., Book of Oral Narratives, Lakota language texts, books on Lakota Music and Dance, Lakota Ceremonials video-taped, tapes of discussions and books and pamphlets, and classes

in critical reservation issues. The demand of schools and organizations for these is more than what we can fill at present.

6. Tribal and community groups have been assisted in committee proceedings, planning, in-service training, preparation of position papers and proposals, and evaluation of programs.

7. Lakota rituals have been strengthened, revived, and contemporized. For example, Sinte Gleska has had the first Lakota ceremony for graduation and inauguration. They were created by Lakota Medicine Men and Helpers to form the first full-blood, traditional organization in decades. This group has already sponsored a Sun Dance based on the traditional ways.

8. Sinte Gleska has begun to meet community needs never previously dealt with: e.g., the needs of adult handicapped for a sheltered workshop, the need of young developmental disabled for training and education. Parents of the mentally retarded have been organized with the support of the College.

9. The College Department of Human Services has developed an Indian Law course for the local high schools. College faculty have continued to provide this type of assistance to local schools: e.g., Lakota language and cultural courses, orientation of teachers and medical personnel, evaluation of an early childhood model for educating Indian children in Rosebud. The College has an important responsibility to provide Indian Studies to teachers in school systems who must by law, take three credit hours of Indian Studies.

10. The College has created a Psychological Institute that not only provides on-going therapy and counseling and has through a grant from the National Institute of Mental Health conducted a major research project having major potential impact on planning and development of the Rosebud Sioux Tribe.

11. The College's Nursing program has graduated nineteen nurses. Eighteen of nineteen passed their state boards as Registered Nurses on their first attempt and are working. This is the best record of any program in the state, though it has not been refunded by the Indian Health Service.

SALISH KOOTENAI COMMUNITY COLLEGE. Salish-Kootenai Community College was established by official tribal action in November, 1977, after the college had operated as a satellite center of the Flathead Valley Community College for three years. It was the feeling of the tribal leaders that the establishment of a tribal college was necessary for the preservation of the Salish and Kootenai cultures, and to provide economical, locally available higher education to reservation residents. It is located on the Flathead Indian Reservation with the central office at Pablo, Montana.

In June 1980, Salish Kootenai Community College was granted candidacy status for accreditation with the Northwest Association of Schools and Colleges. The college also has full membership in the American Indian Higher Education Consortium. Upon the college becoming a candidate for accreditation, 471 funding became available and plays a vital part in the college attaining full accreditation.

While the college does not intend to exclude anyone, and maintains an "open door" policy, it is designed to provide curriculum and programs to meet the special needs of the Salish and Kootenai Tribes.

Goals:
1. To assist with tribal development.
2. To assist with Salish and Kootenai cultural development.
3. To develop student academics.
4. To promote Indian resident self-development.

Salish Kootenai College offers ten (10) Associate Degree programs and two (2) Certificate of Completion (one-year) programs.

Associate of Arts:

General Studies
Native American Studies
Human Services Technology
Business Administration
Law Enforcement
Secretarial Science

Associate of Applied Science:

Forestry
Surveying
Natural Resource Management
Health Education

Certificate of Completion:

Building Trades
Child Development

Since the Fall Quarter of 1977, the college has grown from thirteen full-time equivalent students to two hundred thirty (230) full-time equivalent students in the Fall Quarter of 1982. Thirty-five student received two year degrees or completion certificates in June of 1981. Projected graduates for Spring Quarter of 1982 is forty-eight (48) persons. It is a tremendous benefit to the Tribe to have its own college readily available to serve its members. The college has broad range of course offerings designed and taught to meet the special needs of each individual tribal member.

Forestry: A primary source of income for the Tribes is derived from timber sales. Well-trained forestry managment personnel protects this vital natural and economic resource.

Natural Resource Management: The reservation contains over one million acres of forest and rangelands, as well as, numerous small lakes, streams, the Flathead and Jocko Rivers, and, of course, Flathead Lake. Wise management of these natural resources for economic and recreational use requires persons trained in this area.

Human Resources: The college has trained persons working in family assistance, community health, the alcoholism and drug abuse program, the job corps center, and other programs to meet the special human needs of reservation residents.

Building Trades: The college trains people to work as carpenters and electricians on the reservation, serving building needs and private contractors.

Business Management: Salish Kootenai College trains students in sound business management practices appropriate to both tribal needs and private business, thereby improving the overall economy of the reservation.

Secretarial Science: Office and clerical workers of the Tribe develop employable skills through the Secretarial Science Program. Many tribal employees have upgraded their job qualifications through this program.

Business Development: The college is beginning to fill the gap for the Tribe's loss of EDA funds.

Native American Studies: Reservation residents are able to learn about tribal culture, politics, traditions, art, and history through the Native American Studies Program. In addition, the program works in cooperation with tribal culture committees to recored and disseminate materials on culture and language.

Library/Archives: The Salish Kootenai College Library provides a general academic collection not available in local public libraries. The Library also has an extensive collection of books and articles on Native American subjects, with emphasis on Salish and Kootenai materials. The Library houses the tribal archives, making them more accessible to residents.

Seminars: The college provides special seminars and workshops as training assistance for other tribal programs. These have included forestry seminars, personnel management, workshops, parenting and education seminars, energy efficient housing training, and many more.

Information Research: The college provides research access to tribal employees, tribal programs, and many individuals. The vehicle for research in business development, natural resources development, law and many other areas is provided by the college.

Technical Assistance Resource: The staff at the college provides a valuable technical assistance resource for the Tribe. Technical assistance is provided in building construction, forest management, personnel management, proposal development, and program management in a variety of areas.

STANDING ROCK COMMUNITY COLLEGE. Standing Rock Community College (SRCC) is a small tribally controlled community college located on the Standing Rock Sioux Indian Reservation in North Dakota and South Dakota. SRCC is a candidate for accreditation with the North Central Association of Colleges and Universities. SRCC also maintains affiliate relationships with Bismarck Junior College (Bismarck, North Dakota), North Dakota State University (Fargo, North Dakota), and the University of North Dakota (Grand Forks, North Dakota).

Course offerings consist of a basic two-year liberal arts program, a business education program, vocational education programs, an agricultural education program, a four-year degree teacher training program, and a four-year degree university studies program. The College also offers Adult Education courses for the reservation.

SRCC has been operating since 1972 and presently has an enrollment of 224 students with an FTE of 181. SRCC also owns and operates the Sioux County newspaper and assists the Tribe in various projects such as a bus service to nearby communities, farming, and workshops.

SRCC has fulfilled a previously unmet need on the Standing Rock Reservation. This is reflected in the number of graduates it has produced since 1976. Most of the graduates had only SRCC to turn to for higher education because of job commitments, family obligations, and geographic and cultural isolation.

The impact in numbers for 1975-1981 is as follows:

Associate of Arts Degree	61 graduates
Associate of Science Degree	14 graduates
Bachelor of Science Degree	35 graduates
Nursing Certificate	15 graduates
Clerical Certificate	2 graduates

SRCC's impact on its community will continue to be positive and productive.

The major problem of the past which beset SRCC was the lack of a stable funding source. The everyday worry of paying bills and meeting payroll continually circumvented the need to follow a long-range plan. Without a stable funding source SRCC would have begun to stagnate and the local initiative and interest which started SRCC would not have been enough to prevent stagnation in these times of overwhelming inflation.

Public Law 95-471, "the Tribally Controlled Community College Assistance Act", was the fiscal relief so desperately needed by the tribal community colleges. SRCC has begun to develop a long-range budgeting and planning process which has true meaning. Other long-range budgets and plans were done in the past but were changed so often because of unstable funding they became meaningless.

Some of the immediate positive effects of Public Law 95-471 were felt in the following areas:

1. Staff. SRCC is able to hire more qualified instructional staff. Previous instructional staff had been severely overloaded in their course load and many part-time instructors were needed. Now more full-time

instructors are on board and the need for part-time instructors has been reduced. This brings continuity and a better learning environment to SRCC for its students.

2. Accreditation. SRCC has been able to work more diligently on the recommendations from North Central Association for full accreditation.

3. Curriculum Development. SRCC has now the time and administrative staff to focus on projects which upgrade present and develop new curriculum for the students' educational needs.

4. Instructional, Administrative, and Support Staff Development. Public Law 95-471 has allowed SRCC's staff to take the opportunities offered to upgrade their present skills. This greatly enhances SRCC's staff's ability to do a better job for the students and the community.

As can be seen by the few examples stated above, Public Law 95-471 has been the stable funding source needed. SRCC states its strong support of Public Law 95-471.

SRCC's two major concerns are financial in nature: the continued funding of P.L. 95-4~1, the Tribally Controlled Community College Assistance Act, and the never ending battle to justify the 471 funding future. SRCC would like to state that it is the only real option left for the adult population of the Standing Rock Sioux Tribe. Unemployment is at 82%, inflation has all but made funding relief meaningless, and the present recession has closed all doors to relieving the economic pressure on the people of Standing Rock Reservation. SRCC provides the only opportunity for people to reevaluate their future and then seek education to realize their goals for employment and a better future.

By constantly underfunding 471, the Administration and Congress have severely limited SRCC's ability to serve its peoples' needs. The constant need to justify our existence puts an unnecessary financial burden on the tribally controlled community colleges who have to spend valuable time and money restating their peoples' need for higher education.

SRCC and the other tribally controlled community colleges are their peoples' most viable option to retain and insure a better life and economic future for their tribes.

NAVAJO COMMUNITY COLLEGE. Navajo Community College was established by the Navajo Tribe to meet the special and unique educational needs of the Navajo. This mission is the guide in the development of education programs in which NCC has attempted to address a myriad of Navajo needs through education and training.

In terms of meeting the educational needs of the Navajos, Navajo Community College has just barely scratched the surface of needs. There exists a-strong need for special manpower training and education in the areas of business management, natural resources development and community development. The College has in the past and is continuing to meet education needs in health, agriculture, legal services, education and general education. Our programs reflect our efforts with most of our students involved in one of these areas. The College is fully accredited by the North Central Association and has been since 1979. We have had significant success in our Registered Nursing Program, Legal Advocates Program, Navajo Educators Program, Adult Basic Education Program, Health Aids Program, and Agriculture Program, including Veterinary Medicine. These programs, however, only partially meet the long term needs of the Navajo.

There is not only the problem of program scope, but also one of student capacity. We could be serving twice the number of students we now do if we had adequate resources. There are approximately 80,000 potential students, and the economic potential is there, but we lack the facility and instructional resources to fully serve that number.

One of the concerns raised by the last North Central Association review was that of financial and personnel stability. They were surprised and impressed by the quality of college services, given the instability in our funding and the high turnover in faculty and administrators. The ramification of this has been that College administrators and faculty have had to spend more time dealing with short-term emergency needs rather than with long-term institutional planning and that the College has had to provide less than the best quality of instruction in business and vocational education.

FORT BERTHOLD COMMUNITY COLLEGE. Established in 1973 to meet the culturally-unique educational needs of the members of the Three Affiliated Tribes, Fort Berthold Community College has been chartered by the Tribes and is led by a Board of Directors representing the districts of the Fort Berthold Indian Reservation.

The primary goals of the college are to: 1. retain and strengthen the Hidatsa, Arikara, and Mandan cultures, 2. provide education to adults at convenient times and locations, 3. upgrade the basic skills of tribal members so they can attain GED or college entrance, 4. provide Associates of Arts Degrees and preparation for baccalaureate level education, 5. provide vocational/technical education to meet the manpower training needs of the people and the development of the tribes, and 6. provide community services and technical assistance throughout the reservation.

If you were to visit Fort Berthold Reservation and review the activities of the college in the community, you would find our role is a diverse one seeking to implement increasingly complex and urgent mechanisms to meet the needs and aspirations of our people. Our mission is to provide postsecondary education to members of the tribe. Our efforts have centered on the development of students' potential to enter the job market as tribal, community employees and business owners.

In developing this potential FBCC offers a wide range of courses for the following degree majors: Mid-management, Accounting, Secretarial Science, Environmental Science, Tribal Studies, LPN Nursing, Carpentry, Plumbing, Electricity, and Farm/Ranch Management.

One of our major accomplishments has been the development of an Environmental Science major. This major began as a community service offered by the College. Through funding from the National Center for Appropriate Technology, the College offered a public workshop on the application of wind and solar energy. This effort was followed by two successive summer programs supported by the Old West Regional Commission and Argonne National Labs. These programs that involved 68 students that represented 12 reservations with 60 per cent coming from the Three Affiliated Tribes. The College, since the termination of Argonne/Old West funding has sought to institutionalize the community needs through the development of our Environmental Science major. Through the use of the Intergovernmental Personnel Act (IPA), we have obtained the services of a Field Biologist. Coupled with our continuing full time faculty in the science/math areas, we are now well on our way.

LUMMI COLLEGE OF FISHERIES. The Lummi College of Fisheries is a two year postsecondary institute established in 1973 as a tribally controlled and operated school for aquaculture and fisheries. The institute was designed to provide Native Americans with a science education that could be used to enter tribal, state and federal fisheries programs or continue their education at a four year institute. The school became a candidate for accreditation in December 1980 with the Northwest Association of Schools and Colleges.

The need for the school has increased since 1974 when tribal fisheries involvement increased dramatically due to federal court decisions which have defined Indian fishing rights. Since 1974 tribes have more than doubled their salmon releases from tribal hatcheries and are making significant contributions to the salmon resource. Further development depends on continued involvement and education. Tribal self-determination and fisheries management are synonymous in the Northwest as many Indian people depend on the fisheries resource for their income. More than 80 per cent of the Lummi Tribe is directly involved in fishing and water related activities. The ties to the sea and streams of all the Pacific Northwest tribes can be similarly demonstrated.

Indian education problems are very complex and the educational needs have been the subject of numerous studies with little success. It appears that we have been able to accomplish success where other institutes have failed. Lummi College of Fisheries has an 82 per cent completion rate.

The strength of the institute is a responsiveness to the needs felt by the tribal governing bodies. The program offered by the Lummi College of Fisheries has been a response to the need for Indian biologists to manage the salmon resource and the technicians to operate hatcheries to insure the basic support for tribal members is maintained. The present ratio of Indian professional biologists to non-Indian is one of fifty or less. Without the professional training for Indians the salmon management will suffer and place serious economic hardship on both Indian and non-Indian alike.

Graduates of this school are making contributions in management, running tribal fish hatcheries, are more knowledgeable in their fishing occupation, are assisting in tribal fisheries research and management programs, management of tribal oyster operations, technicians in oyster hatchery, stream surveys for spawning escapement, continuing education and many other facets of fisheries. Two elements are satisfied: (1) stability of resource management is accomplished and (2) minorities are placed in areas where there is a serious lack of trained personnel.

BUDGET REQUEST

The American Indian Higher Education Consortium respectfully requests the appropriation of $14,642,400.00 for FY 1983. The following table describes the budget request per institution based on an amount of $3,400.00 per Indian FTE.

It is important to point out that tribally controlled community colleges have never received the full $4,000.00 for each "full-time equivalent" Indian student as authorized by P.L. 95-471. In FY '80, the funding level per Indian FTE was $3,000.00. In FY '81, the tribal colleges received $2,900.00 per Indian FTE. The funding level per Indian FTE in FY '82 will be approximately $2,736.00.

Even though P.L. 95-471 specifically calls for grants equal to $4,000.00 for each "full-time equivalent" Indian student enrollee, it is unlikely that the tribal colleges will receive one-half of the amount authorized by Congress for operating grants for the 1982-1983 school year. AIHEC therefore, again seeks funding in addition to that requested by the Bureau of Indian Affairs since BIA plans to fund more colleges in FY '82 and thus a greater number in FY '83.

Because of increasing enrollments and a greater number of colleges being funded under the legislation, the funding level for tribal colleges has decreased significantly since FY '80. With the current and proposed cutbacks in Federal aid to Indian education and, in particular, tribal colleges, it is highly questionable as to whether or not the quality of education can be maintained by the colleges. Again, Indian people are the ones who will suffer.

We ask that you consider the needs of these tribal colleges, the successes to date in meeting tribal needs, and the potential of these colleges in meeting the future manpower training and education needs of the tribes in your deliberations and respond favorably to our request. While we support the BIA FY '83 budget request under P.L. 95-471, it is important to recognize the fact that there is additional need of $4,149,400.00 over the BIA FY '83 budget proposal.

BUDGET INFORMATION FOR FY 1983 PERTAINING TO P.L. 95-471 THE TRIBALLY CONTROLLED COMMUNITY COLLEGE ASSISTANCE ACT OF 1978

AIHEC MEMBER INSTITUTIONS (TITLE I)	PROJECTED FTE 1982 - 1983	BUDGET REQUEST BASED ON $3,400 PER FTE
Blackfeet Community College	230	$ 782,000.00
Cheyenne River Community College	80	272,000.00
Dull Knife Memorial College	239	812,600.00
Fort Berthold Community College	43	146,200.00
D-Q University	102	346,800.00
Little Big Horn College	120	408,000.00
Little Hoop Community College	35	119,000.00
Lummi College of Fisheries	70	238,000.00
Nebraska Indian Community College	227	771,800.00
Oglala Sioux Community College	376	1,278,400.00
Salish-Kootenai Community College	160	544,000.00
Sinte Gleska College	283	962,200.00
Sisseton-Wahpeton Community College	150	510,000.00
Standing Rock Community College	195	663,000.00
Turtle Mountain Community College	201	683,400.00
Fort Peck Community College	75	255,000.00
SUB-TOTAL (BUDGET REQUESTS FOR AIHEC COLLEGES UNDER TITLE I OF P.L. 95-471)		$ 8,792,400.00
TRAINING AND TECHNICAL ASSISTANCE		600,000.00
FEASIBILITY STUDIES		50,000.00
SUB-TOTAL (BUDGET REQUESTS, T & TA, AND FEASIBILITY STUDIES UNDER TITLE I OF P.L. 95-471)		$ 9,442,400.00
INSTITUTIONS (TITLE II)		
Navajo Community College		$ 5,200,000.00
SUB-TOTAL (BUDGET REQUEST FOR NAVAJO COMMUNITY COLLEGE UNDER TITLE II OF P.L. 95-471)		$ 5,200,000.00
TOTAL BUDGET REQUESTS (TITLE I AND TITLE II)		$14,642,400.00
LESS BUREAU OF INDIAN AFFAIRS BUDGET REQUEST FOR FY 1983 UNDER P.L. 95-471		$10,493,000.00
FY 1983 "ADD-ON" REQUEST UNDER P.L. 95-471		$ 4,149,400.00

Ms. RICHARDSON. Don LaPointe, Keweenaw Bay Indian Tribe.

STATEMENT OF DON LA POINTE, KEWEENAW BAY INDIAN TRIBE

PREPARED STATEMENT

Mr. LAPOINTE. I have written testimony prepared. I do not have it with me.

Ms. RICHARDSON. If you would go ahead and present it orally, we will put it in the record when it comes.

[The statement follows:]

STATEMENT OF DONALD LAPOINTE

My name is Donald LaPointe. I am the vice president of the Keweenaw Bay Indian Community, L'Anse Reservation, Route 1, Baraga, Mich.

Our tribe would like to submit the following information on the impact of cuts in Federal programs on tribal programs.

Widespread unemployment as a result of the recession and Federal program cutbacks is a fact of life on this reservation. The reservation economy is dependent mostly on the Federal Government, we fully realize that under the Reagan administration the attempt was to carry out the President's wishes to cut Federal spending so that the private sector can pick up the slack, what we are faced with on the L'Anse Reservation in Michigan is the lack of private sector ventures that would create any viable solution to the immediate problems associated with unemployment being experienced locally.

COMMUNITY

The Keweenaw Bay Indian Community (L'Anse Reservation) is the largest federally recognized Indian tribe within the State of Michigan. Located in Baraga County in Michigan's Western Upper Peninsula, the 1,700 individuals served by the tribe have made tremendous strides in the past decade in housing, education, health, employment, and economic development. Yet money problems still persist.

Indian people are presently feeling the effects of inflationary costs in health care and the ability to stretch program dollars to meet needs of the community today; extreme restrictions to contract care, we are in favor of Congress acting to take appropriate action to increase the Indian Health Services budget to a level necessary to cover anticipated inflationary costs in any supplemental measures for fiscal year 1982 and the fiscal year 1983 IHS budget.

The jobless situation prevelent on the reservation has forced many Indian people to drop their health and accident insurance, placing a more heavy burden on existing health benefits available from the tribal health clinic.

CHR

The Keweenaw Bay Tribe of Lake Superior Chippewas are in full support of the continuation of the community health representative program. We feel that the CHR's working on our reservation have provided an invaluable service to area residents. CHR's are considered to be tribal employees. Since inception of the CHR program our people have required specialized training in audiology, nutrition, and operated the womens, infants, and childrens (WIC) program. They have received CPR and EMT training. The CHR's on Keweenaw Bay Reservation were the first health employees to come on board, they have been working in preventative medicine, seeing to it that blood pressures are taken, making certain that the elderly and the young receive medical attention at early stages of illness. We feel that the CHR program could be transferred to another line item in budget appropriations, in short, we ask you to save our CHR's.

HEALTH MANPOWER

The availability of scholarship funds allowing Indian people a chance of attaining a higher education in the health field. In the past decade a new awareness has been driven home to Indian students the need for health professionals. Educational activities carry a high priority at the reservation level. The ground work has been done, however availability of financial aid prevents our students from entering a career program of their choice.

Mr. LAPOINTE. I am vice chairman of the Keweenaw Bay Indian Community. We were primarily concerned with the Federal cutbacks and how they have affected life on the reservations in Michigan. There is a very high rate of unemployment at the present time. We were mainly concerned over cutbacks in the Indian health programs. We are concerned over the CHR program. We would like that program restored.

We also would like moneys increased for treatment of alcoholism. Our concern in this matter is in regard to the treatment center on our reservation. It serves the entire State of Michigan's Indian population as well as non-Indian, and the facility therein at the present time was built in 1928, and to update it would cost a tremendous amount. They are looking for a new facility. We do realize that there is no money in Indian Health Service budget for construction; however, we keep asking somewhere along the line that there may be that need—I mean that we may see that need met.

Ms. RICHARDSON. Is your hospital on the priority list?

Mr. LAPOINTE. No, we keep asking. For the last couple of years we have asked for a facility for—a new facility to replace the headquarters for New Day, and there isn't any money. We have been told by Indian Health Service that the only way that we are going to get a new alcohol treatment facility is to build on using our own self-help. We probably will end up doing that one of these days. We will have to build it out of logs, probably. There is a need, though.

Other than that, we are in pretty good shape, except for the cutbacks in education on the Bureau side. We would like those restored too, but there is not too much that we can do about it right now, I guess.

Ms. RICHARDSON. Thank you.

Mr. CUSHING [presiding]. Next on the list is Maxine Edmo, Shoshone-Bannock.

I am Frank Cushing, the subcommittee clerk.

We expect other Senators to be here later in the afternoon.

STATEMENT OF MAXINE EDMO, CHAIRPERSON OF THE TRIBAL EDUCATION COMMITTEE, SHOSHONE-BANNOCK TRIBES

Ms. EDMO. We do appreciate the opportunity to appear before you today to seek your assistance in continuing vital education programs and services to the members of my tribe and other federally recognized tribes.

The cutbacks and changes in BIA funding, as contemplated by the administration for fiscal year 1983, are alarming.

My tribe numbers 3,071, and our reservation is located in southeastern Idaho. Our tribe is concerned about the protection of trust relationship with the Federal Government which emanates from the sovereignty status established by our treaty of 1868. Basic to this concern is the role of the BIA as the agency vested with the responsibility of satisfying that trust relationship explicity.

By law, Indian tribes are recognized as sovereign entities, separate and distinct from the States. The present administration proposes to diminish Indian education funds, but education is explicitly mentioned as an article in our treaty. And it is a trust responsibility.

Assistant Secretary of the Interior Smith has announced this week, in major realinement of the BIA, the proposal is intended to reduct the administrative overhead costs by $16 million in 1983, with a reduction in staff of 500 employees. We are very concerned about this in turning 12 area offices into 6 regional offices and 4 regional education offices.

As one of our attorneys stated from the Coleville Tribe several years ago: "If you are a reservation tribe," he said, "never allow them to separate you from your land base, your human resources."

I feel that we need assurances in what the BIA is doing now, that there had been no consultation in what they are doing. And we feel that tribes need to be involved in this, and they have not been consulted up to this point.

We have a lot of questions that are unanswered:

How does this move impact the tribes and the agencies?

And do they plan to increase tribal or agency personnel?

Will a dollar savings be passed on to tribes and the funds go to programs?

Where do all of these displaced area people go?

And in the RIF's that will be taking place, this means more training involved for inexperienced people. And will we inherit these people at our local agency?

So, these are some of the concerns in this realinement.

The other concern we have is the new federalism proposal which will leave tribes completely out. What is happening now reminds us of the termination era of the 1950's and the 1960's. The two acts that were passed last year, the Omnibus Budget Reconciliation Act and the Education Consolidation Act are restructuring the Federal role in education and authorizing block grants.

In a 91-page memorandum sent to the White House last fall, Secretary Bell stated that the Federal Government does not have a responsibility for education. We disagree with this statement.

The Reagan administration, in channeling the Federal funds for education directly to the States in the form of block grants, will leave tribes at the mercy of State Governments, who do not recognize the special legal trust status of the tribes.

The States have not historically been responsive to tribal needs. The Indian Education Act was passed because of this nonresponsiveness.

And I think you all know about the Kennedy report.

In November 1980, the Education Committee of the States published a report, and I think that should be for the record.

I do not have all of this in writing, but I will submit this for the record when I get home.

Do you have any questions?

Mr. CUSHING. Yes, I do.

With regard to the realinement, do you anticipate there is going to be actual reduction in services? Or is this just an unknown?

Ms. EDMO. We have not seen anything in black and white, and that is why I think we need assurances of just what they are trying to do. I think it is going to be costly. It will be more costly than the present system. And then the inexperienced people will really hinder the ongoing programs.

Mr. CUSHING. Has BIA indicated they will not talk to you about it, or they are not ready to talk to you?

Ms. EDMO. They just released it publicly this week. It is a concern. They want this in place before the end of this school year.

Mr. CUSHING. Of the 1981–82 school year?

Ms. EDMO. 1982, yes, school year. So, this is a concern of ours.

Mr. CUSHING. We will look into it, I promise you.

Ms. EDMO. And we will submit more information for the record.

Mr. CUSHING. Thank you very much.

Our next witness is Inez Evening, also from the Shoshone-Bannock Tribe.

Welcome.

STATEMENT OF INEZ EVENING, SHOSHONE-BANNOCK TRIBE, REPRESENTATIVE OF THE FORT HALL INDIAN RESERVATION, FORT HALL, IDAHO

Ms. EVENING. Mr. Chairman, Lionel Boyer was to talk on the Indian Health Service. I will be doing his presentation, also.

I am talking on CHR, too. I have a testimony, a written testimony on both subjects, but I will summarize.

My name is Inez Evening. I am a member and representative of the Shoshone-Bannock Tribes, Fort Hall, Idaho. I'm here today to testify on behalf of our tribal health 93–638 contracts and the proposed phaseout of our CHR program.

Our reservation is a home of 3,109 enrolled Shoshone-Bannock members. It has an acreage over 540,000 acres, and it is located in southeastern Idaho.

The average educational level is fifth grade. The unemployment rate is between 55 percent and 60 percent. And the average age at death is 47 years of age.

The tribe's contract with Indian Health Service operates the following health programs: community health representative, maternity health, community nutrition, alcohol, drugs, mental health, crisis intervention, human services, tribal health.

Each of these functions are part of the health delivery system in providing direct health care services.

Also, this includes outreach followup, linkages, and referrals to the BIA–IHS resource provided in other State agencies. We were not funded at the fiscal year 1981 level, but it was reduced for 1982 direct costs. This has caused some layoffs. IHS has informed us that there may be more. 1982 reductions makes us wonder if IHS is not dipping into direct services for funds to make up their deficit for their salary increases.

The tribal health staff has to work under extreme, stressful conditions. EMS and human services work 24 hours, and the team effort is really strong, IHS staff quit right at 4:30, and the tribal health team continues. We work 24 hours a day.

Fort Hall Health Center was established for the Sho-Ban people, 3,109 in membership. However, the clinic has an active caseload of 10,037 eligible under Federal Indian regulations. Eligible Indians include non-Indian spouses of eligible Indians, other federally recognized Indians on or near Federal Indian reservations or maintain close economic ties with that tribe or tribes.

Our business council has requested that only tribal enrolled Sho-Bans be eligible for health services at our local clinic. This makes sense, because it is usually other eligible people that get health services instead of members of our people that live on the Fort Hall Reservation.

The local clinic is operating at less than 65 percent manpower level. The CHR program is slated for a complete phaseout in 1983 budget. We feel this would be devastating to our people.

There is on the reservation a different style of life, a full cultural problem not encountered other places in the Indian country. So, to the Indian, the community health representative is a bridge between the blessings of modern American and those who need it most, for the Indian-Americans are the ones who have reaped the fewest blessings of all. When the CHR's are out in the field, they must persuade, cajole, remind, and scold their clients so that they come to the clinics, take their medicine, apply for food stamps, eat properly or whatever else there is to keep them and their health and spirits up.

You might as well do away with the entire preventive health program if you are going to phase out the CHR program. If you can't, speak or reach out to the people, then there is no way of meeting the goals of a preventive health program, so that that is where we stand.

We did not come here to beg for a handout. We are just here to ask politely and sincerely for the continuation of a needed program that has proved its worth.

Thank you for your time.

Mr. CUSHING. Thank you.

With respect to Fort Hall, do any of your CHR's presently have any medical training? If so, can you elaborate on that at all?

Ms. EVENING. Yes; as soon as we get into the program, we are sent to training—where it is on any specialized training program that they ask us to take part in, we do that. We can go out into the field and take blood pressures and temperatures and give shots and things. Some of us are licensed nurses, and some of us are not fortunate to be licensed nurses, but we do take all of the training, and it is required of us that we do.

Mr. CUSHING. How many CHR's?

Ms. EVENING. We only have six left. Two were laid off, so now we have six. And that is to handle the entire reservation. We handle—I, myself, take care of 275 people that are over 60. And one-half of those people are the ones who never come into the clinics. They are out in the reservation, and usually they are the ones that can speak English just enough to get by. And they are afraid to come into the clinics, because if there is not somebody there that speaks Indian, then they never get waited on. They are just there, and they leave.

Mr. CUSHING. Thank you very much. We appreciate your comments.

Next on the list, the Cheyenne River Sioux Tribe, South Dakota, Robert Chasing Hawk.

STATEMENT OF ROBERT CHASING HAWK, CHEYENNE RIVER SIOUX TRIBE OF SOUTH DAKOTA

Mr. CHASING HAWK. My name is Robert Chasing Hawk. I appreciate this opportunity to discuss with you the proposed 1983 budget for the Indian Health Service and the Bureau of Indian Affairs.

For the next few minutes, I would like to touch upon the highlights of the written testimony which we are submitting for the record.

As you probably know, our tribe is part of the Great Sioux Nation that entered into various treaties with the United States in the late 19th century, under which we gave up large portions of our territory in exchange for explicit federal commitments to the Sioux in areas of health, education, and social welfare.

During the past several years, the Federal Government has made substantial progress in economic self-sufficiency. Much remains to be done, however. The average income on our reservation, for example, is still only $1,900 a year. The unemployment rate has passed the 60 percent mark and is continuing to climb rapidly.

It is against this background that we question the wisdom of several aspects of the administration's proposed fiscal year 1983 budget for the Indian Health Service in the Bureau of Indian Affairs.

Furthermore, many of the budget reductions may well be in violation of certain treaty commitments, as well as the Federal Government's general fiduciary obligations created by the U.S. Constitution.

Our clients can be briefly summarized as follows:

First, with respect to the proposed budget for the Indian Health Service, we strongly oppose elimination of the Community Health Service representative program. This extremely cost-efficient Federal effort has revolutionized the delivery of health services on our reservation since its commencement in 1969. Furthermore, the administration has yet to demonstrate any alternative to which Indian tribes realistically can turn.

A number of rather specific points concerning the Indian Health Service budget are contained in our written statement. Supplementary materials we are submitting for the record.

We also would like to bring to the committee's attention several matters concerning the fiscal year 1983 budget for the Bureau of Indian Affairs.

First, we generally commend the Bureau's effort to reduce administrative costs by consolidating the Billings, Aberdeen offices into Rapid City, S. Dak.

And we also support, as a general matter, the Bureau's effort to reduce adminstrative expenses by utilizing the block grant approach for delivery of services to Indian tribes. We would urge, however, that this committee is sure that the device is not used to affect further reductions in program funds, which as you well know are at a bare minimum now.

Third, we want to emphasize continued support for Public Law 93-638, which in our view has revolutionized the ability of Indian tribes to gain needed control of the operation of programs and the delivery of services at the reservation level.

If the objectives of this statute are to be achieved, this committee must make certain that adequate contract support funds are made available. Unless this is done, the tribes will be forced, as has been the case for the past 2 years, to use program funds to cover administrative costs.

Finally, we would urge the committee to increase our appropriation for the bills in the development programs and to fund, again, the Indian Financing Act.

These actions are absolutely necessary to facilitate economic development on the reservations. This is necessary at a time when Federal funding is being withdrawn from Indian reservations in massive amounts in connection with the overall economic development in Indian country.

We also hope that the committee will give special attention to funding of the Bureau's road construction program. As you can appreciate, adequate road systems are essential to economic development, and it may be the most important single component for the structure of Indian affairs. And many of the budget reductions contain the recommendations that may be in violation of certain treaty commitments as well as the Federal Government's—I'm sorry.

We again appreciate this opportunity to discuss our views on the 1983 budget for the Indian Health Services.

I would be happy to answer any questions you may have at this time.

There are several congressional leaders who went to foreign nations to do a fact-finding trip. I welcome them to come to the reservations and do a fact-finding trip, to all of the reservations, to get a firsthand story as to what has happened on the reservations, what has happened to the lives. It is very devastating when there are budget cuts. Before prior budget cuts we are—as an Indian nation we cannot meet the Indian self-determination or self-sufficiency programs.

I want to thank you very much.

Mr. CUSHING. Thank you very much. I appreciate your invitation also on behalf of the subcommittee members and others that are interested.

I notice on page 1 of your statement you indicated there are potential mineral reserves, coal, gas, oil, and others within the lands of your reservation. Do you know how much? Has there been any kind of study or research on the extent of those reserves?

Mr. CHASING HAWK. At the present time I would not know anything. I had a couple of oil companies interested to do some mineral development, especially oil. And again, bureaucratic redtape, regulations, is a stumbling block for my tribe's progress.

Mr. CUSHING. What kind of regulations?

Mr. CHASING HAWK. For mineral development.

Mr. CUSHING. Environmental, that kind of thing?

Mr. CHASING HAWK. You have to go through the bid process. Like I said, I got two oil companies. I could realize approximately $2.5 million within 2 years; however, because of the regulations, I cannot progress. I have to go through the bid advertisement. I hope that Senator Melcher's bill, I believe S. 1894, would be passed by the Congress. That is one of the important bills that I felt would benefit the tribe in the future for mineral development. That would give a lot of the tribes the opportunity to go ahead and start contracting with oil companies.

Mr. CUSHING. You indicated in your statement that elimination of numerous Federal programs in assisting in this type of development, that is oil, gas development, is hampering your efforts. Can you give me an example of the kinds of things that Federal programs that were eliminated that were designed to help you do this things?

Mr. CHASING HAWK. I did not quite hear your question, but I would say that the economic development on the reservation is at a standstill. I would like to have some money put into economic development on the reservation. Assistant Secretary Ken Smith proposed $10 million for economic development on some reservations; however, this will go to a private sector. That is just a drop in the bucket, when there are about 200 Indian tribes needing economic development. I hope that the BIA would also consult with the Indian tribes pursuant to the Howard Act of 1934, better known as the Indian Reorganization Act, where he is supposed to consult the Indian tribes on any budget estimations. We have not been consulted on the Indian Health Service, and Dr. Rhoades, I understand he is against CHR programs. I hope that he can go out to the reservations and get a firsthand story how the CHR programs are doing. To me they are effective. And they are doing something good for the Indian people. They are more or less—we are talking about the quality of health on the reservation. These CHR employees are more—they are trained in EMT, CPR. The nearest hospital is approximately an average of 100 miles away. Something happens, CHR would be providing the heart attack patients' care before the doctor gets to the patient.

It is very important that we keep the CHR program.

Mr. CUSHING. Thank you very much. Your written testimony will be included in the record.

Mr. CHASING HAWK. OK.

[The statement follows:]

STATEMENT OF ROBERT CHASING HAWK

Mr. Chairman and Members of the Committee, my name is Robert Chasing Hawk, and I am the Chairman of the Cheyenne River Sioux Tribe of the Cheyenne River Reservation, South Dakota. I am accompanied today by Mrs. Joan Le Beau, who serves on our Tribal Council. We appreciate the opportunity to discuss with you the Administration's proposed fiscal year 1983 budget for the Indian Health Service and the Bureau of Indian Affairs.

I would like to begin by offering a brief description of the Cheyenne River Sioux Tribe and our current general situation. As you probably know, we are a part of the Sioux Nation which entered into a number of treaties and agreements with the United States during the late nineteenth century under which we relinquished large portions of our domain. In exchange the United States undertook a number of obligations concerning the health and welfare of the Sioux, including very specific commitments in the areas of education, agriculture, and overall economic advancement. These explicit obligations, combined with the special relationship which is established by the federal Constitution between Indian tribes and the national government, have created a fiduciary relationship between the United States and the Cheyenne River Sioux Tribe.

At the present time the Tribe governs a Reservation which encompasses approximately 4,385 square miles in the north central quarter of South Dakota. While preceding the current Administration's massive budget reductions the Tribe had made significant progress in addressing a number of our economic and social conditions, the situation has worsened significantly within the past year or two. The average income on our Reservation, for example, is $1,900 per year, and the unemployment rate now has passed the 60 percent mark and is still climbing rapidly. To address these problems and others, our Tribal assets, which at the present time consist almost solely of land that is leased for farming and grazing, generate approximately $500,000 annually. We also possess 1,600 miles of lake shoreline which has potential for recreational development and an undetermined reserve of coal, gas, and oil. Our efforts to develop these potential sources of revenue, however, have been greatly hampered by the elimination of numerous federal programs which were intended to assist Indian tribes in positioning themselves for this kind of economic activity.

It is against this background that we question certain aspects of the Administration's proposed budget for fiscal year 1983, which, if adopted by the Congress, would result in the wholesale elimination of many programs and a drastic reduction of others. We urge this Committee to review these proposals with great care because of our concern that many of them are neither wise or consistent with various federal treaty obligations.

I now would like to turn to several specific points concerning the proposed budget for fiscal year 1983. My remarks will address both Bureau of Indian Affairs and Indian Health Service programs.

With respect to the Indian Health Service, our principal concern is the proposed elimination of the highly successful Community Health Representative Program. This extremely cost efficient federal effort has revolutionized the delivery of health services on our Reservation since its commencement in 1969. Furthermore, as you can appreciate, because of our Reservation's geographic isolation, alternative facilities are not readily available. We also oppose the elimination of the line item for urban Indian health care which for several years has been in the Indian Health Service budget. This action would result in further burdening of already overtaxed Reservation health facilities because numerous urban Indians, given no alternative, would return to our Reservation in search of medical care. Finally, we would urge this Committee's consideration of funding for a nationwide survey to identify Indians suffering from kidney disease--an increasing phenomenon in light of the high incidence of alcoholism and hypertension experienced by Indians. All of these points are discussed in greater depth in submissions we will be making for the record.

We also would like to bring to the Committee's attention several matters concerning the fiscal year 1983 budget for the Bureau of Indian Affairs. First, we commend to the Committee the Bureau's recent recommendation to consolidate the Aberdeen and Billings Area Offices in Rapid City, South Dakota. This is a central location to many area tribes which itself has a substantial Indian population. It also has one of the major airports in the region.

Second, the Cheyenne River Sioux Tribe would like to express its general support for the block grant system which the Bureau of Indian Affairs has indicated an intent to implement. This approach hopefully will have several benefits, including a reduction of federal red tape and program administrative costs, the opportunity to develop innovative approaches to social and economic problems on our Reservation, and a more efficient delivery of services at the local level through the centralization of numerous program functions. The Tribe already has a centralized accounting system which actually would be enhanced by a block grant approach.

We would caution the Committee, however, that a block grant system should not be allowed to become a device for imposing further budget cuts on services at the reservation level. Block grants will be effective only if, at a minimum, they are funded at current program levels.

A third subject we would like to address is funding for Public Law 93-638, the Indian Self-Determination and Educational Assistance Act. This legislation, in our view, revolutionized the ability of Indian tribes to gain needed control over the operation of programs and the delivery of Bureau services at the reservation level. Although we support completely the purposes of Public Law 93-638, we would urge the Committee to ensure that adequate funds are provided for contract support. Unless these funds are made available, the services delivered by Indian tribes under the statute, as has been the case for the past several years, will continue to deteriorate because program funds must be diverted to cover administrative costs. Increased Congressional attention to contract support funds is essential if the salutary objectives of the Indian Self-Determination and Educational Assistance Act are to be achieved.

Fourth, we would urge that the Committee increase the amount of funds which are appropriated for the Bureau's road construction program. Adequate reservation roads are absolutely necessary to a tribe's economic growth--indeed, they probably are the most important component of infrastructure. As this Committee well knows, Indian tribes are especially dependent on Bureau road construction because federal highway funds, for the most part, are not available. We also would suggest that the Bureau's allocation formula, which is based at the present time on total Indian population in an area, total number of trust acres in an area, and the number of existing roads, be re-evaluated. The formula does not take into consideration current levels of economic growth on a reservation, which may influence greatly road construction requirements.

Finally, we would like to urge an increase in appropriations for the Bureau's Industrial and Business Development Office and funding of the Indian Financing Act. These actions are necessary to promote economic development on our Reservation. The Cheyenne River Sioux Tribe recognizes that it can achieve self-sufficiency only by attaining control of its developmental process. Self-determination cannot and will not affect present economic conditions until the Tribe is allowed to establish its own development process using its own labor force, resources, and creativity.

At the present time our Tribe does have some commercial development, but no industrial or mineral development exists. This situation is attributable to several economic factors: limited marketable skills in the labor force, few or no sources or potential sources for capital investments, the geographical vastness of the Reservation, and the country's overall economic recession.

The Cheyenne River Sioux Tribe strongly supports the economic policies of the Administration, and has been pursuing actively a strategy of industrial and business development to raise incomes, reduce unemployment, and establish a degree of self-sufficiency. In order for the Tribe to continue this course, however, interim assistance from the Bureau of Indian Affairs is absolutely essential--especially at a time when federal programs in massive numbers generally are being reduced or eliminated in Indian reservation areas.

We apreciate this opportunity to discuss our views on the Administration's proposed fiscal year 1983 budget for the Indian Health Service and the Bureau of Indian Affairs. I will be happy to answer any questions you may have at this time.

Mr. CUSHING. Next is JoAnn Kauffman, Northern Idaho Indian Health Board.

STATEMENT OF JO ANN KAUFFMAN, NORTHERN IDAHO INDIAN HEALTH BOARD

Ms. KAUFFMAN. I am very disappointed that there are no Senators from the committee here. I think this is a very important time in Indian history. I do not think there is any other group of people in the United States who have been so directly affected by Federal policies as American Indians.

In doing research for my testimony, I found that there were more Indians who died from diseases from European contact than ever died from direct battleground—direct conflict in warfare. I think the Federal Government has had a direct hand in Indian lives and is directly responsible for the very low health status of the Indian people today.

I am here on behalf of the Nez Perce, Coeur D'Alene, and Kootenai Tribes of northern Idaho. The three tribes there have an infant mortality rate of 25 infant deaths for every 1,000 Indian live births. That is one of the highest in the country. The U.S. average is around 13. The average age at death is about 47 years for Indians of northern Idaho. In 1978 the National Health Service Corps recognized this state of health for people in these very isolated rural communities in Idaho and placed two National Health Service Corps nurse practitioners into Indian communities, one which was 70 miles from the nearest IHS outpatient facility and the other which is 150 miles from the nearest IHS outpatient facility. September 1982, both nurse practitioners are scheduled to terminate from the National Health Service Corps, and it has said that they will not be able to continue.

What the three tribes of northern Idaho are proposing is that the Indian Health Service encourage efficient use of its budget at the local level by picking up these nurse practitioners at satellite clinics to the Indian Health Service, the only Indian Health Service outpatient clinic in northern Idaho. In the past the Indian Health Service has provided health service to these people in outlying areas on a contract health service basis, where Indian people who were eligible for IHS services would see a private physician or hospital and then the Indian Health Service would reimburse them.

The Indian Health Service has, however, been on priority No. 1, which means you can only receive those services if life or limb is in danger. In 1980, the Indian Health Service spent an average of $70 for every outpatient visit. They have calculated for 1981, for every outpatient visit, which would be provided by a nurse practitioner, would cost only $14. The three tribes have studied this health delivery problem in northern Idaho and have prepared a plan for the Indian Health Service which would be a very cost-effective method. The nurse practitioners can handle 80 percent of all outpatient care, so the Indian people living in these two communities would be able to see the nurse practitioner at this reduced rate rather than having the funds paid to private providers. It would be an efficient use of the existing contract health care budget, because only those services which the nurse practitioner could not provide, would be authorized for contract health care services.

So if they would need to see a specialist or be institutionalized in a hospital then contract health care would be used. It would also improve the quality of health care for Indian people in northern Idaho. The contract health care system has absolutely no means to control the quality of the health care that is being provided. The health care is disease-oriented and impersonal. There are over 400 physicians in hospitals in northern Idaho who are being reimbursed for Indians through contract health care.

Our proposal of the nurse practitioner clinics would centralize the records and have closer monitoring of patient complaints for treatment.

And finally, this proposal is community accepted. Attached to the testimony are resolutions from the Coeur D'Alene Tribe and the Nez Perce Tribe, stating that they are willing to compromise their use of contract health care for outpatient services which could be provided by the nurse practitioners. Also each nurse practitioner has served over 90 percent of the people in each of the communities.

Finally, each of the three tribes feels that this service is the most essential and should not be cut, and that the Indian Health Service would be making a wise move in these times of budget-conscious administration to adopt the two nurse practitioner clinics into the realm of the Indian Health Service to provide outpatient care for those two communities.

Do you have any questions?

Senator SCHMITT [presiding]. I was wondering if you have any figures on how many Indians are currently using nurse practitioners as opposed to those Indians who actually go to the clinics?

Ms. KAUFFMAN. I have a percentage. There are approximately 1,000 Indians in each of the general areas of the nurse practitioners. We have seen 90 percent of the community members. Of course, you have to remember that the Indian Health Service has been on priority No. 1, and so they have not had the option to go to a private physician unless they drove the 70 to 150 miles to the IHS clinic. There are patients that must see a doctor, and the nurse practitioner makes those referrals for areas that she is not capable of providing service in, but she has seen a majority of the patients.

Senator SCHMITT. This is an area of considerable interest to the subcommittee. It looks like one where a great deal more efficiency could be added to the health care needs without really sacrificing the potential for getting the level of health care that is necessary, depending on the problem.

Ms. KAUFFMAN. Nurse practitioners have been proven to be much more effective in preventive health care and patient rapport than physicians have been.

Senator SCHMITT. I think you're right. It's too bad it's that way, but I think you are correct.

Your prepared statement will be included in the record.

Thank you very much for your testimony.

[The statement follows:]

STATEMENT OF JO ANN KAUFFMAN

THE THREE TRIBES OF NORTHERN IDAHO ACKNOWLEDGE THE NEED FOR REDUCED FEDERAL SPENDING. THE THREE TRIBES MAINTAIN THAT THE UNITED STATES GOVERNMENT MUST MEET IT'S TRUST RESPONSIBILITY TO FEDERALLY RECOGNIZED TRIBES TO PROVIDE ADEQUATE HEALTH CARE TO INDIAN PEOPLE (THE SNYDER ACT - 1921; THE INDIAN HEALTH CARE IMPROVEMENT ACT - 1976; THE INDIAN SELF-DETERMINATION ACT - 1975), VIA THE USPHS INDIAN HEALTH SERVICE. THE INDIAN HEALTH SERVICE BUDGET HAS SUFFERED DRAMATICALLY BY RECENT BUDGET CUTS. ALTHOUGH THE THREE TRIBES OF NORTHERN IDAHO STRONGLY OPPOSE THESE AND FUTURE PROPOSED BUDGET CUTS TO THE IHS, WE BELIEVE THAT THE ACTUAL IMPLEMENTATION OF CUTS SHOULD BE BASED ON THE PLANNING, INPUT AND PRIORITIZED NEEDS OF LOCAL INDIAN COMMUNITIES. FURTHER, THE THREE TIRBES OF NORTHERN IDAHO BELIEVE THAT THE U.S. GOVERNMENT SHOULD ENCOURAGE EVERY EFFORT TOWARD EFFICIENCY AND COST-EFFECTIVE USES OF LIMITED IHS DOLLARS AT THE LOCAL LEVEL.

THEREFORE, IT IS THE POSITION OF THE NEZ PERCE, COEUR D'ALENE, AND KOOTENAI TRIBES OF IDAHO THAT THE NURSE PRACTITIONER CLINICS IN KAMIAH AND IN PLUMMER, IDAHO INITIATED BY THE NATIONAL HEALTH SERVICE CORPS IN 1978 BE INCORPORATED INTO THE INDIAN HEALTH SERVICE NORTHERN IDAHO BUDGET TO PROVIDE OUT-PATIENT CARE TO PREVIOUS CONTRACT HEALTH SERVICE PATIENTS IN THOSE OUTLYING COMMUNITIES, IN AN EFFORT TO REDUCE THE TOTAL COST OF HEALTH CARE, INCREASE THE EFFICIENCY OF EXISTING CHS DOLLARS, AND IMPROVE THE QUALITY OF CARE TO INDIAN PEOPLE.

THE FOLLOWING POINTS SUBSTANTIATE THE WISDOM OF THIS ACTION:

COST EFFECTIVENESS: NURSE PRACTITIONERS ARE LICENSED AND QUALIFIED TO DIAGNOSE AND TREAT UP TO 80% OF ALL OUTPATIENT VISITS. THESE INCLUDE ACUTE, EMERGENT PROBLEMS, FAMILY PLANNING AND OTHER WELL-CHILD OR HEALTH MAINTENANCE VISITS. DURING FISCAL YEAR 1980 THE NORTHERN IDAHO INDIAN HEALTH SERVICE PAID AN AVERAGE OF $47.05 PER VISIT TO INDIVIDUAL PHYSICIANS FOR OUTPATIENT CARE OF INDIAN PATIENTS. THE NURSE PRACTITIONER COULD REALISTICALLY PROVIDE THE SAME OR BETTER TREATMENT TO A MAJORITY OF THESE OUTPATIENT VISITS FOR ONLY $14.95 PER VISIT. DIRECT CARE IS MORE COST EFFECTIVE THAN PURCHASING CARE.

NORTHERN IDAHO (PAOIHS) CONTRACT HEALTH CARE COST PER OUTPATIENT VISIT DURING FY 1980:

TOTAL CHS OUTPATIENT VISITS	$ 2,042
TOTAL COST TO IHS	96,076.98
COST PER VISIT (AVERAGE)	47.05

NURSE PRACTITIONER CLINICS COST PER OUTPATIENT VISIT DURING FY 1981 AT KAMIAH AND PLUMMER CLINICS

TOTAL NURSE PRACTITIONER VISITS	4,200
TOTAL COST (2 NPS @ GS-12= $58,000.00 + LAB, RX, SUPPLY @ $4,830)	$62,830.00
COST PER VISIT (AVERAGE)	14.95

BUDGET EFFICIENCY: THE LIMITED BUDGET OF THE IHS MUST BE UTILIZED AS EFFICIENTLY AS POSSIBLE. THE NURSE PRACTITIONER CLINICS IN KAMIAH AND PLUMMER HAVE ALREADY BEEN EQUIPPED WITH 2 EXAM ROOMS, A SMALL LABORATORY AND A WAITING AREA IN EACH. THESE FIXED ASSETS WHICH HAVE ALREADY BEEN INVESTED BY THE FEDERAL GOVERNMENT ARE IN EXCESS OF $30,000. THE IHS COULD MAXIMIZE THIS INVESTMENT BY MAINTAINING NURSE PRACTITIONERS AT EACH SITE.

CONTRACT HEALTH SERVICE (CHS) DOLLARS ARE SET ANNUALLY TO PAY FOR NEEDED MEDICAL CARE WHICH THE IHS CANNOT PROVIDE ITSELF, OR IS TOO DISTANT FROM THE POPULATION TO PROVIDE DIRECTLY. THE EXPENDITURE OF CHS RESOURCES ARE CURRENTLY ON A CASE BY CASE DETERMINATION DEPENDENT UPON CHS PRIORITIES. CURRENTLY, CHS PRIORITY ALLOWS ACUTE AND EMERGENT CARE TO BE REIMBURSED TO PRIVATE PHYSICIANS FOR ELIGIBLE INDIANS AT AN AVERAGE RATE OF $47.05. IF THE NURSE PRACTITIONER CLINICS WERE IHS SATELLITES, CONTRACT HEALTH SERVICE EXPENDITURES WOULD BE MADE MORE EFFICIENTLY FOR ONLY THOSE SERVICES WHICH THE NURSE PRACTITIONERS COULD NOT HANDLE. ONLY THOSE PATIENTS IN NEED OF A PHYSICIAN, SPECIALIST OR HOSPITAL CARE WOULD BE AUTHORIZED FOR CHS. THE EXPENDITURE OF LIMITED CHS DOLLARS WOULD BE MORE COST-EFFICIENT, AS IT WOULD ONLY BE ALLOWED FOR THAT ESTIMATED 20% OF OUTPATIENT NEEDS WHICH ARE OUTSIDE THE REALM OF NURSE PRACTITIONER CAPABILITIES.

QUALITY CONTROL: QUALITY CONTROL (OR THE LACK OF IT) IS A VERY MAJOR PROBLEM IN IHS SERVICE AREAS WHERE CONTRACT HEALTH SERVICE IS UTILIZED TO MEET BOTH INPATIENT AND OUTPATIENT NEEDS. FINANCIAL REIMBURSEMENT IS CURRENTLY MADE TO OVER 400 PHYSICIANS AND INSTITUTIONS FOR NORTHERN IDAHO PATIENT ALONE! ONE PATIENT COULD BE SEEING SEVERAL PHYSICIANS AND BE UNDER SEVERAL TREATMENT PLANS AND MEDICATIONS. THERE IS NO ONE SINGLE RECONCILIATION POINT FOR TREATMENT PLANNING, MEDICATIONS SCREENING PATIENT COMPLIANCE NOR FOLLOW-UP UNDER THE CHS SYSTEM. IF THE TWO NURSE PRACTITIONER CLINICS WERE IHS SATELLITE CLINICS AUTHORIZING CHS SERVICES FOR THEIR PATIENT POPULATION, CHARTING AND PATIENT MONITORING WOULD BECOME CENTRALIZED, AND THE ABOVE PROBLEM ELIMINATED.

THE IHS PHYSICIAN LOCATED AT THE IHS CLINIC IN LAPWAI CURRENTLY SERVES AS THE MEDICAL PRECEPTOR FOR BOTH NURSE PRACTITIONERS. PATIENT CARE PROTOCOL FOR NORTHERN IDAHO INDIANS WOULD BECOME CONSISTENT THROUGHOUT NORTHERN IDAHO COMMUNITIES.

NURSE PRACTITIONERS HAVE PROVEN TO BE MORE EFFECTIVE THAN PHYSICIANS IN ACCOMPLISHING PREVENTIVE HEALTH BEHAVIOR AMONG THEIR PATIENTS (AM. J. PUBLIC HEALTH VOL. 72,#1, JAN. 82). THE CURRENT CHS REIMBURSEMENT SYSTEM IS IMPERSONAL AND DISEASE ORIENTED. THE LONG-TERM IMPACT OF CONSISTENT PREVENTIVE AND PRIMARY CARE CLINICS AT THE LOCAL LEVEL WILL REDUCE THE TOTAL INPATIENT DAYS OF THE POPULATION OVER TIME. THIS AGAIN IMPACTS THE EFFICIENCY OF LIMITED CHS FUNDS.

COMMUNITY ACCEPTANCE: EACH NURSE PRACTITIONER CLINIC SEES A MONTHLY AVERAGE VISIT LOAD OF 200 PER MONTH. THE NATIONAL HEALTH SERVICE CORPS STANDARD LEVEL OF PRODUCTIVITY FOR IT'S NURSE PRACTITIONERS IS SET AT 175 PER MONTH. EACH NURSE PRACTITIONER HAS EXCELLED BEYOND THE NHSC STANDARD. THEY HAVE PROVIDED DIRECT MEDICAL CARE TO AT LEAST 90% OF THE INDIANS RESIDING IN KAMIAH AND PLUMMER/WORLEY/TENSED SINCE THE CLINICS FIRST OPENED. TO SAY THERE IS COMMUNITY ACCEPTANCE WOULD BE AN UNDERSTATEMENT.

ATTACHED TO THIS TESTIMONY ARE RESOLUTIONS FROM THE NEZ PERCE, COEUR D'ALENE AND KOOTENAI TRIBES AFFIRMING THEIR STAND ON THE KAMIAH AND PLUMMER NURSE PRACTITIONER CLINICS. FURTHER, THE THREE TRIBES HOLD THAT THESE NURSE PRACTITIONER CLINICS ARE "ESSENTIAL SERVICES" AND SHOULD NOT BE CUT, IF CUTS ARE TO BE MADE. FINALLY, THE THREE TRIBES ARE WILLING TO COMPROMISE THEIR USE OF CONTRACT HEALTH SERVICES IN KAMIAH AND PLUMMER AREAS FOR OUTPATIENT CARE WHICH COULD BE PROVIDED BY THE NURSE PRACTITIONERS RATHER THAN THROUGH CHS.

THIS IS A VERY MODEST BUT SOUND REQUEST. WE ARE PROPOSING A METHOD WHICH WILL REDUCE FEDERAL SPENDING WHILE AT THE SAME TIME IMPROVING THE QUALITY OF HEALTH CARE PROVIDED TO INDIANS BY THE IHS IN NORTHERN IDAHO.

ON BEHALF OF THE THREE TRIBES OF NORTHERN IDAHO I THANK YOU FOR YOUR TIME AND CONSIDERATION.

Senator SCHMITT. We will move on to the Comanche Tribe of Oklahoma, Bernard Kahrahrah.

STATEMENT OF BERNARD KAHRAHRAH, COMANCHE TRIBE OF OKLAHOMA

Mr. KAHRAHRAH. I have submitted a prepared statement which I will summarize, in the essence of time.

Senator SCHMITT. Please do.

Mr. KAHRAHRAH. I also have 40 letters of support for the community health representative program that I would like to submit.

Senator SCHMITT. Your statement will be included in the record and the letters will be placed in the subcommittee files.

[The statement follows:]

STATEMENT OF BERNARD KAHRAHRAH

Mr. Chairman and members of the committee: Thank you for the opportunity to submit this statement in behalf of the Comanche Indian Tribe of Oklahoma. Our focus is upon the need for funding of the community health representative (CHR) which is uniquely involved from the tribal government level to the grassroots people of our tribe.

I have no profound statements to offer: however, my comments will receive concurrence from my colleagues. As the chairman of a newly reorganized tribe I have had the opportunity to observe the workings of the CHR's throughout our Indian country. While questions loom as to their effectiveness I have evidence regarding the health services of which they are an integral part.

While preparing to make an annuity payment to our elders who are 65 and over, we wrestled with the previous commitment to the elders of an annuity of $500 per person. The significance of the previous commitment find the tribal government wondering how the Comanche Business Committee could have offered the elders $500 when we can only offer $266. Upon verifying the eligible recepients, our predecessors identified 175 who were 65 and above in the year of 1979. Today our government has identified 330 eligible elders. In the matter of 2 years our elderly population has nearly doubled.

The life span being lengthened is resultant of the improved health care delivery system provided by the Indian Health Service which is at this time an assumption. My belief as to this improvement finds the Indian Health Service probably providing better technology, employing health professionals who attempt to understand the culture of his/her patient, improved management to the medical staff, better utilization of the limited dollars, and so on. Since I am not attempting to ascertain my assumption strictly from observation, I can say as a consumer, the medical chief of staff who is full-blooded Indian, exemplifies a truly dedicated and qualified physician who understands his people.

This same understanding and dedication exists within the ranks of the CHR's. I would not consider removing any part of a successful health care team. If IHS's budget plan to eliminate the CHR's is successful the evidence available as to the improvement of our life span will no longer be on the plus side but will move rather quickly toward the negative. So, Mr. Chairman, I am urging your consideration for the restoration of the community health representatives program.

RECOMMENDATION

Since the service unit level is the front line of health activities and the CHR's who are an integral part of those activities, I would urge the subcommittee to consider if reductions are in store that administrative and management functions and activities above the service unit level be reduced, rather than eliminating necessary services.

COMMENTS

While attempting to fully understand the lack of methods for determining the effectiveness of the CHR program I believe the current method of reporting is adapted to the Federal Governments need rather than the tribal need as has been specified in the tribe's tribal specific health plan (TSHP). The tribes and the IHS should do some serious discussing and reconsider that collection of data should be tribally oriented since we are the prime movers for making the contracts and the dollars meaningful to our health care system.

In order for the Comanche Tribe to make improved usage of our personnel, vehicles, mileage, and efficiency each vehicle will have installed two-way radios. Dispatching will prevent doubling back to an already departed community.

As a tribe we are attempting to find innovative means to better utilize our CHR's. Their direct health care services to our 7,500 tribal members must remain but we also recognize the need for improvement in the methods of health care delivery.

BUREAU OF INDIAN AFFAIRS

The reorganization of the area offices has recently received statewide attention in Oklahoma for our State has two area offices which will be directly affected. I would like to state for the record my position as to the consolidation of the offices. First the Anadarko area office should remain for it has remaining a lease of 12 years and the tribes under the Anadarko area office have not been shown evidence the move will in fact offer a savings as well as offer the same level of efficiency. Second, if the decision has been *fait accompli* than I would agree that Oklahoma City should be the site most centralized to the Indian population of Oklahoma. Third, sevices offered by the area office should be contracted by the various tribes where applicable in order that services such as land operations be retained and maintained at the local level.

Mr. KAHRAHRAH. Mr. Chairman, my name is Bernard Kahrahrah, chairman of the Comanche Indian Tribe. We are located in the southwest portion of the State of Oklahoma. Our tribe numbers 7,500, and we are presently in an area that is probably one of the hottest areas, in terms of oil and gas. We are sitting right on top of the Anadarko Basin. I would like to stress, that although there may be potential wealth, there is a question of health that always exists, no matter how wealthy a person is.

My purpose for being here is twofold. It is on the Indian Health Service and the Bureau of Indian Affairs. I have a specific concern for our tribe. We request for the restoration of the budget for the community health representatives. It is being administered by the Indian Health Service as a part of the Department of Health and Human Services. We are very mindful of this cut and the effect that it will have upon the health care delivery system. As an elected official, I would like to officially request that the CHR budget be considered for restoration at the fiscal year 1981 level.

So Mr. Chairman and members of the committee, I'm thanking you for this opportunity. We discovered in December 1981 that our elderly population had doubled since 1979. We were under a lot of political pressure to pay $500 which had been previously committed to these elders in 1979, and as we came to the set amount of dollars to distribute for an annuity, we found that we had nearly doubled our elderly population. So my answer to all of these 330 elderly is that something must have happened during those 2 years that is of significance and particular significance to their health status.

The life span of our elders has increased. We have more elders today. I guess I can assume that it is an effect of the improved health care delivery system at the Lawton Service Unit. There must have been better technology. There must have been committed people. Physicians, I believe, are essential to the hands-on experience, but there is also another type of experiential-based corps of people called the CHR's. Without the CHR's, I believe the effectiveness of the health care would diminish very, very rapidly. This has been the effect that our tribe has had over the last 2 years. We have become a totally nonfunctional tribe for nearly 2 years without a tribal government.

We had begun to build, and we have been operational for almost 7 months. So those of us who are in the tribal government very quickly realized that when you have nothing and you gain something, you have got to try to catch up. So if you cut off the CHR program and they become nonfunctional, even for 2 years, there is probably never a way, never in the world, that the health status will ever catch up, because we are so far behind as it is now.

So I would suggest that in the budget process that has occurred and is probably still occurring, that I would recommend that IHS consider the process in their budget formation from the top down rather than the bottom up. Every time you hit the bottom, you are dealing at the service unit level. That is where all the frontline activities are. Administrative and management functions should be seriously considered for any potential cuts.

I feel that statement is with the concurrence of a number of the tribal chairmen from the southwest part of the State of Oklahoma.

And one quick summary statement on the realinement of the Bureau of Indian Affairs. I have never been consulted, but I believe even without consultation, if there were some means by which the Bureau could have supported its supposed savings, that would have been a little more palatable. Trying to operate on very limited resources is very difficult for the tribes, and if the Bureau has to cut back, our already existing limited resources are cut back, they, too, have a selling job and we have a job to buy what they are trying to sell.

But the Anadarko area office, which is our area office, the Bureau of Indian Affairs has an existing irrevocable lease, about $1.2 million, there is already a question of economics, of how to surrender the building without having to take out the $1.2 million. We have taken a position that Anadarko area office should remain because of the unique status that exists with the treaty tribes in the western half of the State of Oklahoma. If that is not possible, and if the decision is a *fait accompli*, as I understand it is, then the site of Oklahoma City is acceptable.

So with those statements, Mr. Chairman, I'm closing.

Senator SCHMITT. The committee appreciates your input. There are very few decisions that are irrevocable when the Congress is involved. We will look at your testimony very carefully.

Mr. KAHRAHRAH. There is a document that just came out. It is published by the Indian Law Resource Center regarding the ancient Indian land claims settlement. This is potentially a legislative threat to the Indian land claims and Indian legal rights in general. If it is going to be supported by the administration, it may be one of the first major pieces of anti-Indian legislation to come out of the White House—since the termination began.

So I would like to state that the document I have before me sounds like this piece of legislation is going to be unacceptable to the Indian people. I would ask that Congress review this very carefully and keep in mind that the Indian people would be against it.

Senator SCHMITT. We certainly will review it with that in mind and probably a number of other considerations in mind.

Our next witness is Michael Vondall from the Las Vegas Paiute Tribe.

STATEMENT OF MICHAEL VONDALL, LAS VEGAS PAIUTE COLONY

ACCOMPANIED BY:
  CARMEN PATRICK
  MARGARET HENRY

Mr. VONDALL. I am the special assistant to the chairman of the Las Vegas Paiute Colony. To my far right is Margaret Henry, vice chairperson. To my immediate right is Councilman Patrick, who will present our testimony.

Mr. PATRICK. I am a member of the Tribal Council of Las Vegas, Nev., Paiute Colony. I am concerned about my tribe here, about the educational and health problems. We are not getting adequate resources from BIA.

Mr. VONDALL. Our nearest area office is the Phoenix Indian Medical Center. In Nevada we have been without a CHR for about 6 months and recently through the efforts of Jake Whitecrow, we were able to obtain one. It was kind of comical to us, at a hearing on Tuesday, someone was very upset because they lost 78 CHR's, for our area we only had 1. So losing that one was very vital to us. Since the loss of the CHR, we have lost one resident due to the fact that we had no immediate house care, and this occurred in November. This is not the first occasion.

I'm sure you're asking yourself right now, well, where is the Las Vegas Colony? We're in the city of Las Vegas between Las Vegas and North Las Vegas. It is only 10 acres. So you are hearing from us now, and we're going to have our voice heard because it seems like we're not heard in Schurz or in Phoenix, and that is the reason our two council people are with us. They are getting their feet wet for the first time. I understand their nervousness.

As our testimony states, we have been working on a plan to get a clinic in our area. We do have residents that are not covered, about 65 miles from us. There are about 18 families, one-half of them elderly. They receive no coverage now. We have extended the few people that we have employed by the tribe to attempt to cover them at least once a month and sometimes twice, if possible.

As Mr. Patrick said, our cooperation out of Stewart has been minimal to none, so, therefore, we have to use other means available to us. Our other means is our cigarette sales. We use everything from that to maintain the tribe. We have submitted a few grant applications which have recently been rejected. We do not give up though. That is the reason we are here. We will be here for the remainder of the hearings this week.

Miss Henry, do you care to add anything?

Senator SCHMITT. Believe me, anyone who comes into the Congress is nervous the first time, including Senators.

Mr. PATRICK. I forgot my glasses. I finally found them.

Mr. VONDALL. I like the last paragraph that Carmen put in here. "We're not asking for anything more than should have been due to the tribe up to this point." So actually the cut has not bothered us.

Do you have any questions?

Senator SCHMITT. What is the size of the tribe, how many in population?

Mr. VONDALL. One hundred and twenty-three. There are more members of the tribe, but they are unable to live here because 10 acres will only support so many.

Senator SCHMITT. Are those others enrolled in the tribe?

Mr. VONDALL. Yes.

Ms. HENRY. Yes.

Senator SCHMITT. What is the total enrollment?

Ms. HENRY. One hundred and fifty.

Mr. VONDALL. I'm not saying that we have never received anything. In 1969 and 1970, they received some water and sewage projects, street projects through the Bureau under WAMPA. We just finished a lot of street work. We put an 8-inch water line in on our own.

Senator SCHMITT. We appreciate your testimony, and it will be helpful to the committee, as we evaluate not only the CHR program, but also the need for specific health facilities, not only in your tribal area but also others around the country. We are in a period of transition, there is no question about that. We are all trying to figure out how to get through it.

Thank you very much. Your statement will be included in the record.

[The statement follows:]

STATEMENT OF CARMEN PATRICK

Mr. Chairman and members of the Committee my name is Carmen Patrick and I am a Council Member of the Las Vegas Paiute Colony of Las Vegas, Nevada. We are a small tribe and many years ago our home consisted of most of Neveda, today our reservation sits within the boundries of Las Vegas, Nevada. Because of our location we are surrounded by wealth and prosperity, yet we are unable to realize any of its benefits, (the Las Vegas Paiute is a pocket of poverty). Although the Tribe is surrounded by this abundance of wealth, its unemployment stands at 52% and continues to rise at an annual rate of 10%. Of the employed 98% have incomes of which are substantially under the 1981 per capita incomes for Americans which is $9,000.

Health Care delivery systems for the Tribe are now at an alarmingly and dangerous level. Delivery of these services is now facilitated thru contract services by the Indian Health Services via facilities in Las Vegas, Nevada. These contract funds become exhausted nine months into the contract year and subsequently members of the Tribe must travel between 500 to 700 miles roundtrip to the nearest Indian Health facility to receive needed care and medication.

Essentially the same scenarios exist for Education, Human Services, Housing and the list goes on and on. It is not necessary for me to dwell on these issues as they are repetitious of what has been mentioned above.

The Las Vegas Paiute Colony is in a state of transition, caught between a traditional way that the Federal policy of termination sought to destroy or diminish in the 50's, and the new efforts towards selfdeterminiation that we have begun to move towards in the '70's. Our young people are the victims of progress - of Federal policy that changes with each and every administration. One administration tells us we are uneducated savages to be turned into farmers or tourist attractions; another tells us we are to move to the cities, to be turned into factory workers. The next administration tells us to build our own Tribal government, and then the next administration tells us we have created a much too large public sector and must somehow, someway create a private sector to stabilize the public sectors.

The Las Vegas Paiute Tribe and many other tribes of similar size across the United States today face a dilemma of unheard proportions. With the proposed transfer of the various Federal grant programs to State control, the Las Vegas Paiute will potentially lose up to 30% of its current funding availability. This we perceive will be brought on by the inability of small tribes, such as The Las Vegas Paiute, to retain or prepare the necessary and extremely complicated reports and requirements that are necessitated through the grant systems, not to mention the inability to compete with sophisticated cities and towns.

My personal goal has always been to promote unity among the Indian community. My main concern presently has been for the Health & Welfare of the Indian people, mainly the Senior Citizens and the children. Presently, I feel that they have not been receiving adequate health care!

It is very important to the Tribe to get an Indian Health Clinic here in Las Vegas, NV., to serve the Southern Part of the Indian population in Nevada. The need for a Health Clinic here in Las Vegas is a must.

This country is supposed to be a democratic nation with equality for everyone, but yet, this is not so! So far, when it comes to receiving adequate Health Care or any other kind of help; the Indian people are put on the bottom of the list with the African, Latin, Spanish, Korean, and Cuban communities coming before us.

I am not asking from want or need for myself. I want to know about the great American Dream that all white men talk about. All I am asking is that the Indian People be given an even share of that Dream.

After all, we are also tax payers and we would like to see our tax dollars at work. We paid our debt to society by sending our father's and sons to fight for country, with many of them never returning. We are refugees of all the great Indian Wars over 150 years ago. We have not been rehabilitated or educated by the white man.

There has been a lack of communication between the B.I.A. and the Indian Tribes concerning our health problems. How long does the American Indian have to wait? Until the year 2001!

In conclusion, the Las Vegas Paiute Tribe is willing, and is prepared to support an economic recovery program for America, but to do so, it must first be able to perpetuate its own existence. It cannot sustain further cuts in Indian Program budgets which directly effect the survivability of our people. For this is not a question of how much additional money we can receive for Health and Education and Economic Development and Improved Government, but it is a question of maintaining what is there now for our survival. If this does not come to be, then what we see in the dawn of tomorrow is the demise of our Tribe.

Thank you.

Senator SCHMITT. Our next witness is Michael Tiger, United South and Eastern Tribes.

STATEMENT OF MICHAEL TIGER, UNITED SOUTH AND EASTERN TRIBES

Mr. TIGER. I am Mike Tiger. I am representing United South and Eastern Tribes, an intertribal organization that represents 12 tribes here in the East. We represent tribes from Maine, New York, North Carolina, Mississippi, Louisiana and Florida.

I am a tribal member of the Seminole Tribe of Florida. The Eastern area tribes have asked me to come before you and to express some of our concerns with some of the decisions that have been made without prior consultation with the tribes. We feel that the realinement proposal is already going into effect without even being given a chance for the tribes to have any input to that process. What we are now proposing is that Eastern area tribes either have oversight hearings regarding the realinement for the Bureau, or else we come up and have some type of input to the realinement plan.

We cannot see anywhere any points of justification in the closure of the Eastern area office, since we just enjoyed the services since 1973. The Assistant Secretary also cannot show any cost savings both in short or longterm for the move. Currently, I think the Bureau might, nationwide, spend, I think, as much as 22 percent for administrative overhead. I think the Eastern area figure runs somewhere around 8 percent of the total budget.

So we are trying to do our best. We realize there are some things that we dislike inside of the Bureau that we would like to have changed as well. We are amenable to those changes, but we would like to have input to those types of processes and to the changes. Geographically, it is not feasible for any cost effective means of justifying this transfer.

We will have a written submission you have before you, within the next couple of weeks from all of our member tribes expressing their views in regard to the alinement and how we would like to see the proposed realinement take place for our area.

The tribes are also concerned about the Indian Health Service proposed cut of the community health representative programs, and the tribes currently are requesting that this cut not be put in place. The tribes in the East are using the funds primarily to provide direct health services out to the reservation. With deletion of these funds, we feel that our programs will be just totally devastated. We have a lot of reservations that are very, very isolated and very rural, 65, 70, 125 miles from the nearest quality hospital. This would virtually, if not totally, eliminate all services going to our tribal members out on those reservations that are isolated.

So we feel that these are two key areas that we want to bring before your committee today, Senator, and we would like to have those as part of the record.

Senator SCHMITT. Thank you, sir. You say 12 federally recognized tribal governments. Your letterhead has 11.

Mr. Tiger. We had a new one come on since our stationery. We could not afford any new stationery, so we just left it as such.

Senator Schmitt. What is the new tribe?

Mr. Tiger. The Maine Maliseet.

Senator Schmitt. Does each tribe have a community health representative—CHR—or is there a traveling circuit CHR involved here?

Mr. Tiger. Most of the tribes have CHR's providing services out on the reservation.

Senator Schmitt. In your testimony that you will submit for the record, could you try to quantify in some way the cost benefit of the use of the CHR? I think we believe qualitatively that it has been a very beneficial program, but we need some way to compare it with alternative services in the surrounding private sector.

Mr. Tiger. On my reservation and on other reservations, it is very common. We have no people to go out and change dressings or no prevention education. We have a language problem, we speak two different dialects in my tribe. A practicing physician usually cannot communicate with an individual. We have to have an interpreter and that is costly. These people are catchall type persons. They may go out and change dressings on some type of leg bandage, or they may be transporting emergency cases. In some cases they may be midwifing. So they are a person who fills the void between professional services, and they do provide somewhat of a professional service on the reservation. One other item I would like to bring up is that the tribes are deeply concerned about is the land claim settlements legislation that will very adversely affect the Eastern area tribes, if approved. We would like to go on record opposing the land claim settlement bill.

Senator Schmitt. Thank you very much. Your prepared statement will be included in the record.

[The statement follows:]

STATEMENT OF MIKE TIGER

My name is Mike Tiger and I am the president of the United South and Eastern Tribes (USET). USET represents 12 federally recognized tribal governments in the Eastern United States and the tribal chairmen from our membership have asked me to appear before your committee and speak to what the elected leaders of the tribes feel is one of the greatest threats to their self-determination in the past three decades. That is, the closing of the Eastern area office. BIA, and the disruption of services it will cause.

We ask that your committee take a long hard look at the budget of the Bureau of Indian Affairs and the proposed realinement of the area offices. We can not see how this realinement will save service dollars nor can we see an improvement in service provision from such amove. We ask that the Bureau show your committee and the Indian leadership in the East what effect this will have both on short-term and long-range basis.

The new federalism policy that the Reagan administration is pushing lacks both the historical and practical input from Indian people that is necessary for it to work. The States have time and time again refused to deal with the federally recognized tribes as they see this as a breach in the trust responsibility of the Federal Government to Indian people. The fiduciary and trust responsibility of the Federal Government to provide services through the Bureau of Indian Affairs, the Indian Health Service, and other agencies has been up-held in the law.

President Reagan in his campaign commitment to the Indian leadership has stated that he supports the Government to Government relationship and self-determination. It is evident, through this budget, that the commitment is not being up-held by his agents with the Department of the Interior.

The leadership of the Eastern tribes are on record opposing the proposed realinement of the Bureau for the following reasons: the elimination of the Eastern area office will seriously disrupt the provision of services to the Eastern area tribes, services that only since 1973 that they have enjoyed; Public Law 93-638 mandates improved service provision and this move clearly violates that law; the Assistant Secretary cannot show the cost savings both in the short term and long range and has admitted that the figures cannot be had to justify this move for 6 to 8 months; and the Bureau must realize that it is dealing with people, and that asking the Eastern area tribes to move to Oklahoma is as disasterous today as it was in the 1830's.

The leadership of the Eastern tribes will be submitting to our congressional representatives and the Department of the Interior an innovative plan for service provision to the Indian people in the East.

In regards to the budget for the Indian Health Service the Eastern area tribes are against closing out the community health representative program as it is the backbone of the preventative health care programs in the East. The CHR program among the Eastern tribes is necessary for the continued improvement of the benefits in preventative medicine.

On behalf of the elected leadership of Indian people in USET, I want to thank you for giving me this opportunity to present our views.

Senator SCHMITT. Our next witness, Dr. Annie Wauneka, Navajo Nation Health Foundation.

STATEMENT OF DR. ANNIE WAUNEKA, NAVAJO NATION HEALTH FOUNDATION

ACCOMPANIED BY:
URSULA WILSON
DR. STEVE SPENCER

Senator SCHMITT. My old friend. Doctor, how are you?

Dr. WAUNEKA. Fine, just fine. I am just catching some Washington flu.

Senator SCHMITT. Oh, no. I have had that feeling all day myself.

Please proceed.

Dr. WAUNEKA. Thank you, Senator. This is a great opportunity to be here, although you let us have only 5 minutes.

Senator SCHMITT. I wish it could be more. You and I will have more opportunity to talk, but for the purposes of covering all of the issues, we had better keep it short.

Dr. WAUNEKA. We will try.

I would like to introduce the two individuals that I'm here with: Ursula Wilson and Dr. Steve Spencer, the medical director at this particular hospital that I'm going to talk about.

You have already said my name is Dr. Annie Wauneka, from Klagetoth on the Navajo Reservation. I will go on and say that we are proud of the distinction of being the first Indian-controlled comprehensive health care program in the United States. There is a long history over the past 80 years about this particular area which was at one time owned by a Presbyterian mission, and the hospital is there and is providing care for the Navajos in the south central area of the reservation.

We have followed it with our training Navajo board members, nurse practitioners, and other personnel.

In 1974, the Navajo Nation Health Foundation was born, an Indian self-determination organization in health care sanctioned under Public Law 93–638. All of the board of directors are Navajos, and we serve about 79 percent of our employees who are native Americans. We are the only private non-Federal, nonsectarian, nonprofit hospital, and comprehensive health care organization on the Navajo Reservation, a unique and viable alternative to the federally imposed health services.

We have a 45-bed hospital and outlying clinics and are the only health care facility serving in an area of 1,200 square miles, larger than the State of Rhode Island. There are 12,000 Navajos living within that area. Our Sage Memorial Hospital has been accredited by the Joint Commission on Accreditation of Hospitals for the past 50 years.

As you know, we are doing a good job, and it is a hard job, serving people. Last year we had over 40,000 visits to our hospital, the clinic, the maternal and child health care clinic, and mental health clinic, as well as home visits by public health nurses and Navajo home health workers. Our Navajo and Anglo staff are hard-working, well-trained, dedicated people. We do an efficient job; our administrative cost is now less than 10 percent of our budget.

As a private community hospital in a poverty area, our job is not easy. Unemployment is 40 percent and per capita income is about one-fifth of the national average. As you know, our native American patients cannot afford to pay for their own health care; furthermore, the Federal Government has a legal obligation to provide for such health care. I think all Indian tribes are saying this when they're testifying and, of course, we are the private sector, and we are trying to operate as much as we can as in the private sector.

Shall I go on a little bit more, Senator?

PREPARED STATEMENT

Senator SCHMITT. Just a little bit more. I have one question I would like to ask.

Your statement will be in our record.

[The statement follows:]

STATEMENT OF DR. ANNIE D. WAUNEKA

Good morning Senator McClure, Committee members and staff. My name is Dr. Annie D. Wauneka, from Klagetoh on the Navajo Indian Reservation. I have spent my entire adult life working to improve the health of my Navajo people, for 28 years as a member of the Navajo Tribal Council and in many other ways. I am honored to say that I was recognized for these efforts by President John F. Kennedy, who awarded me the Presidential Medal of Freedom. I am here today as a member of the Board of Directors of the Navajo Nation Health Foundation and Sage Memorial Hospital, at Ganado, Arizona, on the Navajo Reservation.

We are proud of the distinction of being the first Indian-controlled comprehensive health care program in the United States. There is a long history, over 80 years, of excellent medical care at Ganado. Long before there was any Indian Health Service, Sage Memorial Hospital, a Presbyterian mission hospital, was providing medical care to the Navajos in the south central area of the Reservation. Following a period of training of Navajo board members, nurse practitioners, and other personnel, in 1974 the Navajo Nation Health Foundation was born. We are an Indian Self-Determination organization in health care, sanctioned under Public Law 93-638. Our all-Navajo Board of Directors are elected by the communities we serve. Seventy-nine percent of our employees are Native Americans. We are the only private non-federal, non-sectarian, non-profit hospital and comprehensive health care organization on the Navajo Reservation; a unique and viable alternative to the federally-imposed Indian Health Service.

We have carried on the tradition of excellent medical care at Ganado. Our 45-bed hospital and outlying clinics are the only health care facilities serving an area of over 1,200 square miles (larger than the State of Rhode Island), where over 12,000 Navajos are living. Sage Memorial Hospital has been accredited by the Joint Commission on Accreditation of Hospitals for the past 50 years. We are doing a good job, and reaching more and more of our people. Last year we had over 40,000 visits to our hospital, our field clinics, dental clinic, maternal and child health clinic, and mental health clinic, as well as home visits by Public Health nurses and Navajo home health workers. Our Navajo and Anglo staff are excellent, well-trained, hard-working, and dedicated. We do an efficient job; our administrative cost is now less than 10% of our budget.

As a private community hospital in a poverty area, our job is not an easy one. (Unemployment is 40% and per capita income is about one fifth of the national average.) Our Native American patients can not afford to pay for their own health care; furthermore, the federal government has a legal obligation to provide for such health care. Therefore, although we are in the private sector, we must rely on federal payment for the care of almost all of our patients. This places us in the unique situation of being in competition with the Indian Health Service in the provision of quality, cost-effective health care, yet being dependent on the Indian Health Service for funding.

The problem we are talking about today is that the first Indian-controlled health care organization in the country is not being paid for the work we do. You people talk about supporting self-determination, but you keep us tied to the budgetary apron strings of the Indian Health Service. Each year the Navajo Area Office of the Indian Health Service gives us a contract that falls far short of our costs for providing services to our Native American patients. As a result we have had to cut back programs rather than expanding them.

Furthermore, we are not a huge organization like the Indian Health Service and can not so easily absorb cuts in funding. We must take care of the patients who come to us; we can not turn them away. We have been stretched thinner and thinner. We are trying to be a model of self-determination in health care. We think we can do an even better job than the Indian Health Service in the area of primary care. It is essential that the Navajo Nation Health Foundation continue to exist as a viable, competing alternative to the federally-administered health care system. To do this, we must receive a fair and reasonable compensation for the services we provide.

For fiscal year 1983 we are requesting $2,775,761 from the federal government as reimbursement for services to Native Americans. This will give us an opportunity to begin to restore some of the programs we have had to eliminate, and to take care of the increasing numbers of patients who come to their own Navajo Nation Health Foundation hospital and clinics.

Honorable Senators, we are asking for your support and your help. We thank you for the great investment you have made in the health of the Navajo people. A great deal of progress has been made by the Indian Health Service. We want to carry on this progress.

I am, therefore, respectfully requesting three things:

1) $591,000 as a supplement to our Indian Health Service contract for fiscal year 1982.
2) That our budget request of $2,775,761 for fiscal year 1983 be honored.

3) That as soon as possible our federal funding mechanism be changed. We support the block grant concept of minimizing overhead cost and maximizing services to people, by direct funding.

In conclusion, we are a private, Navajo health care organization, and a pioneering effort in self-determination. We can manage our own affairs. We ask you to help us make Indian self-determination mean something.

Thank you for your time and for listening to our concern.

Dr. WAUNEKA. I think you will find some line item budgets that we're concerned with. We are asking for fiscal year 1982, $2.7 million from the Federal Government as reimbursement for health services.

And Honorable Senator, we are asking you for your support and your help. We thank you for the great investment you have made to make the health services of the Navajo people great, and a great deal of this progress has been made by the Indian Health Service, and we want to carry on this progress. That is the reason we are a private sector, and we want to do everything we can. We are competing with the Indian Health Service.

You would be interested in that.

Senator SCHMITT. I have noted that. The question I want to ask you is, do you believe that the funds for the Indian self-determination health care under Public Law 93-638 should be a separate line item, independent of the Indian Health Service fund?

Dr. WAUNEKA. Would we need separate legislation to do that?

Senator SCHMITT. It probably would, but I need to know whether you think there is a difficulty in the allocation of those resources when they are lumped together.

Dr. WAUNEKA. I would like to have Dr. Spencer comment on that.

Dr. SPENCER. Thank you, Senator Schmitt. We do, indeed, have a problem with that, because the funds that come to us are for reimbursement for the care of native American patients, based upon an agreed-upon unit value for outpatient day visit, inpatient day, but they are the piece of an area office budget which is the piece of an Indian Health Service budget. There is a cap on it which leaves us with a big deficit. I think if we could have a line item funding of some sort that was not such a fraction of a fraction, we would be much happier.

Does that answer your question?

Senator SCHMITT. Yes, it does. That is the general feeling that I have been getting.

I think, since we are running into what the schedule says is a break, we will skip the break and as soon as you are through, Doctor, we will ask Mr. Cohoe to come up and supplement your testimony, since it is in the same area. I would like to bring him on ahead and exercise the privilege of the Chair to do so.

It is always good to see you. You are doing an excellent job out there. I will try to help you in any way we can. I, of course, feel very humble in the presence of the Navajos, because I know that they put their footprints on the Moon before I did.

Dr. WAUNEKA. You saw my footprints up there? Good!

Senator SCHMITT. That is what I was told, and I'm trying to figure out how you got there.

Dr. WAUNEKA. Yes, yes; thank you very much. May I come over and shake hands with you?

Senator SCHMITT. Yes, I wish you would.

STATEMENT OF BENNIE COHOE, RAMAH NAVAJO SCHOOL BOARD

Senator SCHMITT. Bennie, you and I've had a chance to talk. If you would summarize your testimony, so that we have it in the context of the other testimony, I would appreciate it.

Mr. COHOE. Thank you, sir. I'm honored to be here today to discuss with you some of the concerns that we have regarding our educational program, as well as our health program. The Ramah Navajo School Board is on a checkerboard area, southeast of the main Navajo Reservation. The Ramah Navajo School Board contracted with the Bureau of Indian Affairs for their community-controlled school since 1970. Now we have an educational facility which is 60 percent complete and also we have an educational service program which we have about 85 percent in place, but we ran into problems with the ISEP formula after it was implemented. Our school was still in a developing stage where we still had some other plans to implement programs such as vocational trades program, which includes automobile mechanic, woodworking, and also arts programs. We had to abandon plans to implement a music program and also we have some children who are gifted and who are talented. We have to abandon those programs because the way the formula was handed down to us did not have enough money to go around.

We also have the same types of problems in the area of pupil transportation. We are reimbursed on the mileage that the buses accumulate in transporting students to school and back home. The formula does not include the extra curricula activity when the students are involved in sports programs or other educational programs.

Also, our land is such that we are sitting near the Continental Divide, at an elevation of over 7,800 feet, so we do have some harsh weather. The buses are not equipped to travel those roads so we are having problems with additional maintenance and repair costs because of the road conditions.

In the area of health services programs we are concerned that the administration is planning to cut the CHR program. The CHR program is implemented where we have to use some of those people to staff our clinics, as well as the EMT program. Our EMS program is the only services available in the 40-mile radius both to Indians and non-Indians at this time. We would like to maintain the CHR program and try to work out other means in coping with the cutback as well as keeping up with the inflation at this point.

We are still seeking construction funds to finish the additional 40 percent of our facility.

We are still lacking a full cafeteria. We need to place our middle school students somewhere. We have a current involvement of 500 students going to our Pine Hills school.

Some of the additional recommendations we have at this time are that, since we are asking Congress to review and possibly revise the ISEF formula. It really restrains us from negotiating with the Bureau of Indian Affairs. They quote us a figure, and that's what we have to develop our budget on. It leaves out the flexibility of negotiating.

I would also like to cite the Assistant Secretary's statement yesterday before the Interior and Insular Affairs Committee. He talked about the Public Law 95-561 mandate, under which all BIA and tribal schools are now functioning. As I understand it, these training moneys are being cut in half, and there are a lot of school boards which still need training.

So if we could review that and see if there is any way that we can restore some funds for the school board training. The other things that he cited are management methods. Assistant Secretary Smith said he is in favor of bringing about full activity in reservation economics. There is only $10 million provided in his budget. After the central office, the area office and the agency take their share to administer these programs, there will not be enough money to reach the grass-roots people. That is where the economic development has to take place. He is also asking for strengthening the tribal government, and that cannot take place without the dollars, if they are not there. He is also seeking to improve educational and social programs right now.

It is kind of frightening to see that our social service lines are lengthening, and when we cannot do very much when these people are eligible, and we cannot turn them away.

I'd like to thank you for your time to say these statements before you.

PREPARED STATEMENT

Senator SCHMITT. It is good to have you with us again. It was good to meet with you earlier, and your statement and the recommendations will be in our record and looked at very carefully by the subcommittee.

[The statement follows:]

Statement of Bennie Cohoe

INTRODUCTION

A. Community Information. The Ramah Navajo Community is an isolated, rural Indian reservation of about 2,000 people living on about 230 square miles of semi-alpine "checkerboard" land in west-central New Mexico. Although a Chapter of the Navajo Tribe, it is geographically separate from the contiguous main Navajo Reservation, a fact which historically has resulted in dramatically inadequate--or nonexistent--tribal and federal services to the Ramah Navajos.

B. Ramah Navajo School Board, Inc. The Ramah Navajo School Board, Inc., one of the first Indian community-controlled school boards in the country, was formed under historically dramatic circumstances in 1970. With subsequent support from Title IV and, in 1975, PL 93-638, The Indian Self-Determination and Educational Assistance Act, the School Board progressively planned for and implemented a comprehensive range of educational, social, and supportive programs. Ramah Navajo children were brought back to the community for their schooling; community members began to receive training and employment; community involvement in the many aspects of its own development dramatically increased; crime and other indicators of socioeconomic distress began to decrease; and optimism and enthusiasm began to replace previous attitudes of hopelessness and apathy. However, this period of excitement and growth appears to have been short-lived.

C. The Present Prospect: The Threat of Reversal. The Ramah Navajo School Board, Inc., is facing drastic curtailments of its services and programs. No federally-devised plan of transition exists to prevent the disastrous effects of these cuts. Hope for assistance via State-sponsored and block-grant mechanisms is non-existent. The assumption that relief can come from local economic development is grossly unrealistic: exploitable natural resources are meager at best; skilled human resources are limited; access to the mainstream marketplace is strewn with obstacles; and federal programs designed to stimulate local economic development are woefully underfunded in relation to the realistic developmental needs of communities such as the Ramah Navajo. The federal government is proposing to withdraw its support of Indian community development while not providing realistic alternatives. Statistics, across health, education, and economics, still show the Indian people at the bottom of the totem pole -- with all recourse threatened.

PRIORITY CONCERNS OF THE RAMAH NAVAJO SCHOOL BOARD, INC.

A. Education of Children. Under the auspices of the Ramah Navajo School Board, Inc., the Pine Hill Schools serve about 500 children, most of whom are Ramah Navajo and enter the system speaking primarily Navajo. Responsive and culturally relevant programs have been designed and implemented, and further improvements and developments are planned. However, progress is threatened by the Indian Student Equalization Program (ISEP), which has been found to be inequitable, inflexible, and intolerable. For the Pine Hill Schools in the past two years, ISEP has meant: the curtailing or laying off of more than 50% of the schools' employees, most of whom were non-certificated Navajo community members; the reduction of the schools' budget by nearly 50%; the loss of community confidence in the schools due to the stress of lay-offs and elimination of programs; unavoidable crisis management and continual uncertainty regarding funding -- with resultant loss of high-quality staff; and the reduced capacity for innovation and program improvement.

Further, Early Childhood Program is in danger of drastic curtailment or elimination. Such would be in direct opposition to the best interests of the community, as our program has proven its worth, both in terms of student achievement and in terms of parental involvement. Further, national studies have overwhelmingly confirmed the positive value of early childhood education, especially in relation to the ability to succeed academically and socially in later schooling. There is movement afoot to place Early Childhood funding under an ISEP formula, but present programs and tribes are not being consulted regarding its formulation.

B. Adult/Vocational Education and Community/Economic Development. The Ramah Navajo School Board has given strong priority support to adult and vocational education in the past eight years; further, it has given increasing priority to and community and economic planning and development. Even our social services programs have been geared away from a "welfare-orientation" and toward family development and employability. In past years, PL 93-638/BIA allocations have been minimally adequate for the provision of basic programs and have been supplemented by such sources as Title IV-Part C, CETA, and the USDE 1% Indian set-aside Vocational Education Contract Program. We are incredulous that all sources of support for adult education and manpower development in Indian communities are being considered for extinction. Further, funds being proposed for the highly-touted program of economic and business development are mere drops in the bucket in relation to the practical needs of Indian communities. Reduction and/or progressive elimination of adult and vocational education programs are the reverse of cost-effectiveness principles and are diametrically opposed to the actual needs of our co-munity. How can economic development proceed without a strong emphasis on human resource development? How can the socioeconomic condition of Ramah Navajo be reversed without a serious and long-term commitment to all aspects of the process? Impossible!

Ramah Navajo unemployment approaches 80%; the illiteracy rate is over 60%; the untrained and unskilled portion of the labor force is over 60%. Clearly, if any federal programs are to receive increased support, they are Indian adult/vocational education and manpower development! These programs need to be tied to practical, well-conceived economic development plans. Improvements and increased focus on economic and community development are needed -- not elimination!

C. Health and Human Services. Established in June 1978, the Pine Hill Health Center was the first Indian community-controlled health facility to be developed under PL 93-638; it is now in its second three-year contract. The Health Center provides a wide range of health services, emphasizing ambulatory patient care, outreach, dental care, emergency medical services, and Indian paraprofessional training. In conjunction with health services, the Social Services Program operates comprehensive services, with an emphasis on family development, rehabilitation, and employability, as well as on meeting the legitimate and urgent welfare and survival needs of community members. The Pine Hill Health Center and Social Service Program are faced with dramatically increased needs and costs -- and alarmingly steep reductions in funding. Budgets are now inadequate for even minimally acceptable services in relation to actual needs. Loss in buying power and therefore serving power approaches 25%! Indian Self-Determination is itself in jeopardy; the federal responsibility is not being met. Contract programs are having to compete with the IHS and BIA themselves for dwindling federal dollars. Expansion and improvement are rendered impossible.

D. Facilities Management and Construction. The need for plant management and other support services has increased steadily under the School Board. BIA contract allocations are generally adequate for routine maintenance and upkeep of facilities and vehicles. However, these funds do not even come close to covering major repairs, emergency and safety-related projects.

The Pine Hill School Campus is only partially completed; past Congressionally-recommended projects were either severely compromised by inflationary cost increases or were eliminated as a result of moratoriums on new construction. Although the Pine Hill Middle School is ranked #10 by the BIA, a number of projects whose designs were accepted and recommended by Congress await completion: Cafteria/Student Center; Staff Housing; Auditorium; All-Weather Track & Field; and Dormitory. The School Board was prepared and hopeful in the 1970's but now have been cut out of the construction appropriations in mid-process.

RECOMMENDATIONS TO CONGRESS

A. Conduct a comprehensive review and revision of the Indian Student Equalization Program (ISEP). Allow for negotiation, flexibility, needs-based problem-solving, and substantial tribal input. Give consideration to road conditions as they impact student busing, and ensure that transportation allocations do not fluctuate in direct proportion to student enrollment.

B. Forbid the implementation of an Early Childhood Education ISEP formula until tribal and program input has been fully secured.

C. Strongly support and increasingly fund Early Childhood Education programs, as their long-term benefits imply the highest degree of cost-effectiveness.

D. Provide specific Congressional language in the Interior appropriations which would prohibit the elimination of Adult Education funding by the BIA Central Office. Authorize an increased Adult Education appropriation in BIA, mandated for Adult Education programming totalling $14 million.

E. Refuse to eliminate the 1% Indian set-aside for Vocational Education in USDE, and provide Congressional pressure to have BIA comply with enabling legislation to match funds.

F. Limit cuts in Title IV-Indian Education by providing language specifying the amount to be spent on contract schools under Part A and to tribes and organizations under Parts B and C.

G. Restore EDA planning monies or direct a specified amount of money in the BIA budget for economic planning and development.

H. Create a pool of funds to be used as seed monies for development of business and industry on reservations.

I. Supplement CETA, with phase-out planned into the BIA economic development assistance program proposed by Assistant Secretary Kenneth Smith. The so-called "safety net" will then be preserved.

J. Support heavily the development of roads and housing on the reservations.

K. Restore at least a minimally acceptable level of funding for contracted Indian health services, i.e., for the Pine Hill Health Center PL 93-638 Contract: $731,627 for FY 82; $819,422 for FY 83; & $917,752 for FY 84.
L. Retain the PL 93-638 contract mechanism for Community Health Representatives in FY 83 to provide for community health and emergency medical services.
M. Appropriate additional monies for the establishment of a community mental health outpatient program.
N. Prioritize PL 93-638 contracts and eliminate their competition with other IHS and BIA programs.
O. Increase PL 93-638 contract allocations for Human/Social Services. Ensure the provision of a safety net for communities so burdened by the withdrawal of federal support.
P. Ensure the participation of Indian tribes and organizations in the planning for State block grants in Human Services.
Q. Protect and ensure the success of PL 93-638, without making Indian groups compete with BIA and other communities for the same Human Services dollars.
R. Provide for negotiable amounts of additional Facilities Operations & Maintenance monies to handle major repairs and renovations, emergency and safety-related projects, erosion-control, based on justifiable need.
S. Free up monies for legitimate, well-designed, and justified construction projects; specifically for completion of the educational facilities for Ramah Navajo School Board, Inc., as accepted and recommended by Congress in past years.

Senator SCHMITT. We will move on to the White Mountain Apache Tribe.

STATEMENT OF BILLIE KANE, WHITE MOUNTAIN APACHE TRIBE

ACCOMPANIED BY:
CHARLES O'HARA, DIRECTOR, HEALTH AUTHORITY
RAMOS ALBERT

Mr. KANE. Thank you. To my immediate right is Mr. Charles O'Hara, health authority director, and to my left is Mr. Ramos Albert.

I bring you greetings from the tribal chairman of the White Mountain Apache Tribe.

Members of the committee, Mr. Chairman, on behalf of our tribe the following is our brief testimony. I'm here today to bring to your attention the effects that the proposed 1982 IHS budget will have on the priority health care needs and the related health issues of our tribe. In order to be brief, I will limit my testimony to the highlights of the major issues and concerns that are detailed in our written testimony.

During the past few years our reservation witnessed exciting progress in the development of comprehensive health care systems, but unfortunately, my optimism is eroding. The health care system that the tribe and Indian Health Service have worked hard to develop is being seriously threatened and slowly dismantled as a result of the recent 1982 and proposed 1983 IHS budget cuts.

The tribe is grateful for the appropriations that have given us a new IHS hospital and clinic. The proposed IHS 1983 budget offers little cause for renewed optimism. The 2 percent overall increase falls far short of the inflationary increases. The elimination of funding for sanitation facilities and the CHR program represents a decided step backward.

Let me emphasis for you health care problems and concerns that are raised by the proposed IHS budget. Alcoholism continues to be the most serious health problem impacting the White Mountain Apaches and Indian people in general. It is the No. 1 killer of our people. We need additional funding for alcoholism programs. We need leadership, and I strongly urge that Indian Health Service take a leadership role in the treatment of alcoholism by assuming the responsibility of providing the initial inpatient treatment of alcoholics.

The 1982 IHS budget was a catastrophe in terms of the impact of the specific budget cuts. Five months into the fiscal year, neither the Phoenix area office or the tribal health authority have a firm budget figure. Due to staffing shortages, particularly in nursing, we are faced with reduced services and possible closure of hospital beds. Hopefully, both the budget process and the appropriation in 1983 can begin to reverse the calamity created by the 1982 budget.

We would like for you to insure that service units are not singled out for the reduction without comparable cuts at headquarters and area levels. Congress should restore this money to the Indian Health Service and appropriate supplemental funding to accompany mandatory pay increases.

The White Mountain Apache Tribe encounters severe health problems as a result of the high incidence of diarrhea on the reservation. These problems are related to the lack of proper sewage and solid waste disposal systems and are the leading cause of outpatient visits and hospitalizations during the summer months.

A White River regional waste water management system is presently under construction. The tribe is on EPA's funding list for the remaining phase of the project, but with the current IHS and EPA cutbacks, we fear the project is in jeopardy. The sewer project was originally funded by IHS in 1977 at a projected cost of $600,000. The additional funds needed to complete the entire project are estimated to be an additional $600,000. A proposal to construct a sanitary landfill has been submitted by the tribe to HUD under the community development block grant program.

I respectfully request your support for these projects.

The proposed fiscal year 1983 IHS budget reductions present a serious setback to the tribe's continuing progress under the Indian Self-Determination Act. IHS and the Congress cannot continue to increase the total number of beneficiaries with no increased funding. The results of such actions is an erosion in the quality and quantity of health care services for the Indian people.

Finally, we are grateful to the Congress and Indian Health Service for their role in our accomplishment over the past few years, but I see little cause for optimism under the present administration's proposed budget. Elimination of funding for sanitation facilities and the community health representative program will signal defeat for the tribe's efforts to make continued improvement in the area of preventive health and Indian self-determination.

I thank you for this time, Mr. Chairman.

Senator SCHMITT. Thank you. I see your last line, "What I see is a dream rapidly fading." I hope that turns out not to be the case.

One question. Is it your feeling, looking from the end of the pipeline back upstream that the main problem is excessive bureaucracy? Are we losing most of the money somewhere else before it ever gets to the tribe?

Mr. KANE. Excuse me, Mr. Chairman, the intent of Public Law 93-638, the Self-Determination Act, was self-sufficiency; however, it seems like it is ironic that the cuts are applied where it is gravely needed at the grass-roots level.

Senator SCHMITT. But you mentioned that it has taken 5 months to get funds allocated, surely part of the problem is that there are just too many steps between you and the Congress. We appropriate money, and it takes 5 months to get to you? It takes us long enough to get it done up here, but once we do our job, it ought to at least flow more readily than that. The subcommittee is very concerned about that problem. We think if we could solve that it would not take as much money, because you would get what you needed at less cost to the Government.

We will see what we can do. Thank you very much. Your written testimony will be included in the record.

[The statement follows:]

STATEMENT OF RONNIE LUPE, CHAIRMAN, WHITE MOUNTAIN APACHE TRIBE

Mr. Chairman, members of the Committee, I am Ronnie Lupe, Chairman of the White Mountain Apache Tribe of East-Central Arizona.

I am here today to bring to your attention the effects of the FY82' and proposed FY83' IHS budgets on my Tribe's priority health care needs and related health issues which have or will affect both our health care delivery system and the health status of 9,000 White Mountain Apaches that I represent.

During the past few years on our Reservation, I have witnessed exciting progress in the development of a comprehensive health care system. This health system has included a new IHS Hospital; a new clinic in the remote community of Cibecue; and a Tribal Health Authority exemplifying the spirit of the Indian Self Determination Act. The Tribal Health Authority has developed an impressive array of community and hospital based services that complement those available through the Indian Health Service. Most recently, we have had reason for great pride in the appointment of our own Tribal member and former Health Authority Director, Ms. Carla Baha-Alchesay as our Service Unit Director, one of the few women in Indian Health Service to occupy such a position.

But, unfortunately, my optimism is eroding. In the face of budget cutbacks and staff reductions, that model health care system that the Tribe and Indian Health Service has worked hard to develop is being seriously threatened and slowly dismantled. And, it is all the more painful for me to witness this since we have come so close to realizing our long standing dreams. We envisioned a community health system adequately staffed by qualified, professional health providers effectively combining the best of Western medicine with a culturally defined, hoslistic approach to health maintenance and health promotion.

Please understand that the Tribe is very grateful for the Congressional appropriations in the past. Appropriations that have provided us with a new IHS Hospital and Clinic with staffing levels that were nearly commensurate with the health needs documented in the Tribal Specific Health Plan.
But, now, also understand our frustration at the Fiscal Year 1982 Congressional IHS budgetary process that both jeopardizes our past accomplishments and created administrative and service delivery chaos for those that must implement those budgetary decisions.

- The proposed Indian Health Service Fiscal Year 1983 budget offers little cause for renewed optimism. The modest 2% increase in the overall budget will fall far short of keeping pace with a 14% inflation rate in the health care industry and will still be short of the FY81' funding level. The proposed defunding of the Community Health Representative Program will eliminate necessary supportive health services and virtually negate six years of progress under Public Law 93-638, the Indian Self Determination Act.

Let me detail for you the health problems and concerns that are raised by the proposed IHS budget:

1. Alcoholism continues to be the most serious health problem impacting the White Mountain Apaches and Indian people in general. It is the number one killer of our people. Although, Indian Health Service has voiced their concern about the magnitude of the problem for over ten years, they have initiated little in the way of acceptance of responsibility for the initial treatment of the Indian acloholic or in the development of effective treatment modalities. Indian Health Services views alcoholism as a tribal problem rather than a medical problem. The scant resources available to deal with the problem are often fragmented among competing entities rather than combined in a unified or cooperative approach. It seems ironic that the Congress and Indian Health Service are willing to spend millions in the treatment of the medical complications of alcoholism but are niggardly when it comes to dealing with the problem itself.

Based on the recommendations and insights of our Tribal Alcoholism Director, I strongly urge that Indian Health Service take a leadership role in the treatment of alcoholism by assuming the responsibility of providing the initial in-patient treatment of the alcoholic, using the existing resources of their staff and facilities. This action would permit the focusing of the limited alcoholism resources on the residential treatment and aftercare of the alcoholic and would earn Indian Health Service a partnership role in the development of an effective treatment plan. This change in approach must come soon before the bulk of the IHS budget is squandered on the treatment and end stage of liver disease and other medical consequences of the problem of Alcoholism. We need more money for Alcoholism programs and we also need committment and leadership on the part of the Indian Health Service.

The Fiscal Year 1983 budget proposes a 3.9 million dollar increase in Alcoholism funding, Hopefully, our Reservation program will see some of this increase. Fiscal Year 1982's 6.9% increase for alcoholism has not materialized. In the Phoenix Area, Alcoholism programs are still funded at the FY81' level.

2. The Fiscal Year 1982 IHS Budget process was a catastrophe in terms of the impact of the specific budget cuts, the delayed approval of the final appropriations, and the dismay was the result of continuing resolutions, deferrals, and other actions designed to reduce the health care dollars available to Indian People. As of this date, five months into the fiscal year, neither the Phoenix Area Office, the Whiteriver Service Unit nor the Tribal Health Authority programs have a firm budget figure. But, as requested in the past, when the Area IHS budget is known, I trust that the information will be shared with the Tribe.

Presently, health program decisions are being made based on unknown quantities and conjecture. The Whiteriver Service Unit, for example, had a $250,000.00 deficit at the end of the first quarter of the fiscal year and had few of the necessary administrative tools to deal with it. The Service Unit has had to absorb the 14% pay increases of Commissioned Corps personnel and the 4% raises for Civil Service personnel with no additional funding. Positions are being lapsed and services are being reduced with no clear parameters in sight. The staffing levels that were assured for the Whiteriver hopsital and Cibecue Clinic by Congress are dwindling daily. There are, presently 32 vacancies out of a total of 262 positions authorized for the Whiteriver Service Unit. Eleven (11) of these positions are Registered Nurses. But numbers of vacancies alone do not accurately depict the situation. Due to the acuity level of the patients being hospitalized, based on classifications consistent with the Modified Warstler System, the Whiteriver Hospital is short approximately eight (8) R.N.'s per (24 hour) day. Further reductions in nursing staff, particularly R.N.'s will further compromise patient care and result in the closure of hospital beds. Or, as IHS officials prefer to euphemistically say, "result in the reallignment of hospital beds and staffing".

Physician and Dental services at the Cibecue Clinic are now or soon will be, severely reduced. The full-time Dental Officer position at Cibecue has been eliminated and replaced by part-time contract services. In July, the two authorized physician positions will be reduced to one physician which will be inadequate to serve the demand for services.

It is apparent that when the IHS or for that matter the BIA budget is reduced, the impacts are immediately felt at the Reservation level, positions are lapsed, beds are realligned and programs employing tribal people are eliminated. Service Units and Tribal programs are cut by both the Indian Health Service and Bureau of Indian Affairs without comparable reductions at the Headquarters or Area levels. When Congress cuts, Indians bleed, and there is little impact on the administrative staffing and organization of the agencies.

The morale of IHS Service Unit and Area Office personnel seems to be at an alltime low as a result of the uncertainties and restrictions created by the budget activities at the National level. Qualified personnel are departing Indian Health Service as a result of the recent vicissitudes and unpredicatability of the political and budgetary process. Problems of physician recruitment will intensify for Indian Health Service with the elimination of PHS Scholarship funding.

In short, the FY82' budget and it's method of implimentation has created a mess and it's hard to believe that that mess is not seriously effecting the quality of health care for Indian people. Hopefully, both the budget process and the appropriations for FY83' can begin to reverse the calamity created by the FY82' budget.

3. Someone in the Department of Health and Human Services must have forseen the impact that the closure of Public Health Service hospitals and the resultant transfer of Commissioned Officers would have on the Indian Health Service. Yet, in the face of a reduced budget, Indian Health Service has had to absorb the costs of these transfers which include the overlapping salaries of the new transfer and the outgoing lower ranking personnel, transportation of household goods, mileage, per diem, storage and dislocation costs. I understand in the Phoenix Area alone these costs amounted to approximately 1.2 million dollars. I know in the Whiteriver Service Unit the costs of these Commissioned Officers transfers exceeded $84,000.00 and not a dollar of that money resulted in additional health care for White Mountain Apaches. However, it did result in the loss of a Dentist position at the Cibecue Clinic when the transferred Dental Officer an O-4, after one day, decided that he could not tolerate the remote location. The young, dedicated Dentist that had enjoyed the position and the community had already been transferred to another Area.

I trust that you can understand my consternation over this type of personnel finagaling and hidden costs that results in additional deficits for Indian Health Service. Costs which are ultimately borne by Indian people.

Congress should take action to restore the monies spent by Indian Health Service absorbing Commissioned Officer transfers from Public Health Service hospitals, and also, insure that Congressional mandated pay increases are accompanied by the necessary supplemental funding.

4. The White Mountain Apache Tribe presently encounters severe health problems as a result of the high incidence of diarrhea and hepatitis on the Reservation. These problems are related to the Reservation's inadequate sanitation systems. Specifically, we lack proper sewage and solid waste disposal systems. The resulting diarrheal problems are the leading cause of out-patient visits and hospitalizations during the summer months. Yet, the FY82' IHS Budget severly reduced the funds available for sanitation facilities, sanitation and preventive health, in general.

I understand that there will be no funding appropriated for sanitation facilities in the FY83' IHS budget and that the rationale for this action is connected to the elimination of Indian housing. This rationale seems particularly myopic, regardless of whether or not there are additional houses built on our Reservation, we will still have a major sanitation problem on our Reservation and you will be paying the costs of medically treating the symptoms of that problem. The reduced federal funds of various agencies including IHS, now threaten several sanitation projects on the Reservation which, when completed, will alleviate many of the health problems associated with inadequate sanitation systems.

The Whiteriver Regional Wastewater Management System is presently under construction. The project was divided into two construction phases at an estimated cost of $5,974,225.00 in 1978 dollars. Phase one at a cost of 1.3 million is underway. The Tribe is presently on the EPA funding list for the remaining phase of the project. EPA would fund 75% of the project cost and IHS would provide approximately 20% of the funds. However, with the current EPA cutbacks and elimination of IHS funds for sanitation facilities, we fear that this project is in jeopardy and request your support for the remaining funding and completion of the project. This project when completed will provide an effective sewage system that will serve approximately 77% of the population on our Reservation.

The Cibecue Sewer Project was originally funded by IHS in 1977 at a projected cost of $600,000.00. However, due to engineering and related delays, construction did not begin until 1981. As a result of inflationary factors, the original allocations will permit the completion of only half of the original project. Because of the configuration of the project, the section that will be unfinished will leave a high density area of the community without adequate sewage disposal. The additional funds needed to complete the entire project are estimated to be $600,000.00. This project is vital to the health of the community and your elimination of funding for sanitation facilities will halt that project at mid point, A proposal to construct a sanitary landfill on the Reservation has been submitted by the Tribe to HUD under the Community Development Block Grant program. The total funds requested from HUD are $367,000.00. IHS has committed $40,000.00. BIA had originally indicated that $267,000.00 would be available for the development of a solid waste collection system but has since withdrawn that committment. This is an important project and needs your support.

John Hopkins University is conducting a five year study on our Reservation to determine the causes of the high incidence of Diarrhea. The Director of the project, Dr. M. Santosham, a Research Physician, has concluded that most of the diarrheal diseases are a result of contamination of water supply due to inadequate sewage and solid waste disposal on the Reservation. Dr. Santosham indicates that the incidence of Diarrheal diseases on our Reservation is well above the national average and approaches the incidence of the disease in developing countries. Two children have died in the past six months from repeated attacks of Diarrhea. He urges that Congress support IHS funding for sanitation facilities and support for the sewage and solid waste disposal projects of our Tribe. A copy of a letter from Dr. Santosham is attached.

It seem strange that although it is generally accepted that the major advances in public health have come about as a result of improvements in sanitation systems, the Administration proposes eliminating the funds for those improvements for Indian people.

It also seems strange to me that the present Administration is proposing additional funding for foreign aid while cutting funds for Indian citizens facing similar sanitation problems on their Reservations.

5. The FY83' proposed IHS budget reductions present a serious setback to the Tribe's continuing progress under the Indian Self-Determination Act. In the past six years, the White Mountain Tribe has made significant strides in assuming greater responsibility for our own health care. We have developed an effective management system and excellent programs such as Health Education and Emergency Medical Services. There is a cooperative working relationship between the Tribal Health Authority and the Whiteriver Service Unit that should be a model for Indian Health Service. But the proposed FY83' budget reductions are targeted most heavily at those IHS sources of funding that support Tribal programs under Public Law 93-638, the Indian Self-Determination Act. Specifically, the Community Health Representative budget is eliminated and the Tribal Management budget is held to a paltry 2.6 million. This appears to be a clear reversal of the committments made by previous Congresses to Public Law 93-638. The Community Health Representative budget alone provides 85% of the funding for our Tribal Health Authority. Not only does this budget provide the funding for Community Health Representatives but also Emergency Medical Technicians and Health Authority management staff. If the Administration is successful in eliminating funding for the Community Health Representative program, they will be successful in virtually eliminating most of the progress in health areas made in recent years under the Indian Self-Determination Act.

6. It seems ironic that the Administration is proposing massive cuts, nearly 50%, in the area of preventive health at

a time when most experts agree that many of the serious health problems faced by Indian people are stress related illnesses that require improvements in preventive health, promotive health and health maintenance.

Severe reductions in the Community Health Representative budget is resulting in reduced home health and home health education services to the Elderly population and others that need these services. The CHR Program has been responsible for the provision of many of the support health services that allow the Elderly to remain in their homes and out of the hospital or nursing home. CHR services have significantly reduced the debilitation of the Elderly. But, again this year, we must convince the Congressional appropriations committees that the program is worthwhile for again the Administration has proposed to eliminate the program in the Fiscal Year 1983 budget. Accidents, often alcohol related are the leading cause of death on our Reservation and on most Reservations. The Indian accident mortality rate is 4 times the national average. Injuries account for one (1) out of five (5) Indian deaths and is the leading cause of hospital admission. It seems that the Congress and IHS are willing to commit funds for cleaning up the wreckage but take little aggressive action in preventing the problems posed by accidents. Health Education and promotive health activities in general, are minimally funded when it is recognized that this is the battlefield on which stress related illness will be fought.

7. Recent proposed legislation by the Secretary of Health and Human Services appears to be a direct attack on our Tribal sovereignity and the Federal Government's trust responsibilities. Section 711 of Public Law 94-437 would ammend that law to permit concurrent State jurisdiction over Indian Health Service facilities. In effect, the amendment would permit the States to dictate standards to the Tribes on their own Reservation through the Indian Health Service. This is totally unacceptable.

Section 404 of Public Law 94-437 would permit non-beneficiaries to utilize remot IHS facilities. We have remote IHS facilities on our Reservation and we already suffer long waiting periods and full occupancy rates. How do you expect us to handle additional patients in the face of budget reductions and reduced staffing? Our experience has demonstrated to us that when IHS or the Congress expands the beneficiaries, there is no committment increase in the funding levels. A clear example of this is the implementation of regulations a year ago that expanded IHS beneficiaries to include non-Indian husbands. The implementation of these regulations in terms of services to non-Indian husbands have cost the Service Unit approximately $40,000.00 which has had to be absorbed along with budget reductions. This is an untenable position, IHS and the Congress cannot continue to increase the total number of beneficiaries with no increased funding. The result of the such actions is an erosion in the quality and quantity of health care services for Indian people and represents an abrogation of treaty and trust responsibilities.

8. In 1976, in testimony presented before the Indian Policy Review Commission's Task Force on Indian Health, I testified that we had six (6) White Mountain Apache students pursuing some type of Health Career. In 1979, I was able to testify before the House and Senate Appropriation Committees that we had twenty-nine (29) students pursuing Health Careers.

Today, I take pride in reporting that we presently have fifty-five (55) students pursuing Health Careers at sixteen (16) Colleges and Universities. This is a dramatic improvement in the achievement orientation of our White Mountain Apache students and is a direct result of the efforts of our Health Careers program. But funding for this program under Public Law 94-437 has been eliminated and the program is being phased out. The students are being left high and dry to face the prospect of returning to our Reservation which is facing staff reductions in both IHS and Tribal Health programs. I am embarrased to tell them they followed empty promises but it seems that we have all had to swallow our share of empty promises in recent months.

Gentlemen, I am sorry to close my testimony on such a pessimistic note. We are grateful to the Congress and Indian Health Service for their role in our accomplishments over the past few years but I see little cause of optimism under the present Administration's proposed budget. The elimination of funding for sanitation facilities and the Community Health Representative Program will signal defeat for our efforts in preventive health and self-determination.

What I see is a dream rapidly fading!

Senator SCHMITT. Our next witness is from the Michigan Indian Inter-Tribal Council.

STATEMENT OF DON LA POINTE, INTER-TRIBAL COUNCIL OF MICHIGAN ACCOMPANIED BY CARL CAMERON

Senator SCHMITT. If you would introduce yourself and the people who are with you.

Mr. LAPOINTE. Mr. Chairman, I am Don LaPointe. I am vice chairman of the Keweenaw Bay Indian Community. We have Carl Cameron of the Inter-Tribal Council of Michigan and his children, Ann, Carl Junior, and Barbara Cameron.

Senator SCHMITT. They all look like they might be future astronauts if we're not careful.

Mr. LAPOINTE. Yes, sir.

Inter-Tribal Council of Michigan represents five federally recognized tribes, being the Bay Mills Tribe, Hannahville, Isabella, Keweenaw Bay, and Saginaw Chippewa.

As we look over the decade, we can see tremendous progress that has been made on all of the reservations in Michigan in regard to management of projects and with regard to projects themselves.

The people on the reservations for the first time have held meaningful jobs. There have been attempts at developing various business enterprises, and some of those have been successful. There have been some that have not been successful.

But we have seen the growth in the health services, educational services, the attainment of educational levels expanded. There has been a push on, particularly in keeping our kids in school so that they graduate from the public schools. And then, most of the kids that we do have finishing school do go on for some additional training, whether it be vocational or into the colleges and universities.

However, at the present time, the cutbacks that have come down from Washington have drastically hurt some of our projects.

We have had severe cutbacks in vocational training, as well as several of the health programs serving the reservation. We have lost CETA slots that have been real helpful on the reservations.

The unemployment level at the present time is probably 60 percent. The unemployment rate for the Upper Peninsula as a whole is beyond 70 percent at the present time. That is including everyone. A lot of our friends and neighbors are in the unemployment lines.

Before going on too much further, I would like to ask Mr. Cameron to say a few words.

Mr. CAMERON. Basically, we would like to agree with some of the tribes that testified ahead of us. Specifically, they mentioned the CHR program. We strongly endorse the intention to keep the program.

Our CHR program probably operates a little bit differently. We have taken our CHR program and used it to advance our CHR's from the paraprofessional level. We have a program working with a college in Michigan, where we continue to upgrade the quality of services we provide to the CHR program.

We also have some concerns with the block grants. Some of the block grants, as far as tribes are concerned, leave a lot to be desired.

We just recently got awarded a block grant. We have a service population of 2,417. We were awarded $15,000 to provide service to four tribes. Discounting the 5 percent administration costs, that leaves you little or nothing to perform all of the so-called allowable activities within the block grant. So, we have some very definite concerns about the block grants.

We would wish that Congress would take a new approach in dealing with Indians regarding the block grant issue. I think that they have to look at us as a separate state, a sovereign nation.

Roughly, if you identify us as a State, we would have about 75 percent of our service population within the boundaries that would be eligible to receive block grants. If you put us into the larger scheme of things and throw us in with the state population, our population is little or nothing, not one-tenth of 1 percent. Consequently, we get little or no money. And if we continue on that path, it is going to be a problem that we're going to have a hard time overcoming and we would wish Congress would go in and relook at that issue.

Senator SCHMITT. What is the population of the four tribes?

Mr. CAMERON. Two thousand four hundred and seventeen.

Senator SCHMITT. How many CHR's have you had assisting you?

Mr. CAMERON. Approximately 12. There are 2 on each reservation and 3 in other areas. Our CHR program works very close with the WIC program. Some of our CHR's have been trained in nutrition. Others have been trained to work on the ambulance corps. Like other reservations, we do utilize it. They get on the township ambulances and take care of other than, you know, the general population, as well as Indians. They are quite productive in our neighborhood.

PREPARED STATEMENT

Senator SCHMITT. Your entire testimony will be in our record. We appreciate your coming by. I have glanced through it. It is going to be very helpful. Thank you very much.

[The statement follows:]

STATEMENT OF DONALD LAPOINT

Please let me take this opportunity to introduce myself and my fellow delegate to this committee. My name is Donald LaPoint, Vice Chairman of the Keweenaw Bay Indian Community and Board Member of the Inter-Tribal Council Governing Board. I have served in this capacity for the past eight years and have been involved in Indian Affairs in our Community even longer. Mr. Carl D. Cameron, my fellow delegate, is the Assistant Executive Director of Inter-Tribal Council of Michigan. Mr. Cameron has served our Tribes in his current position for the past seven years and is also a member of the Bay Mills Indian Community. We are honored that our Tribes have given us the priviledge of presenting testimony to this committee. Inter-Tribal Council of Michigan, Inc., represents four Tribes in Michigan, those being: Bay Mills, Hannahville, Isabella and Keweenaw Bay Indian Reservations.

The introduction of this testimony, citing our total experience, was by design. Our testimony may seen unique because it is our desire to talk about our member Tribes from two different prespectives: as Tribal members and as leaders involved in working for the betterment of Native American people. It is our intent by presenting our testimony in this manner to inform Congress of the giant strides Native Americans have made toward improving their communities and the social well being of their community members over the past decade. Further, we hope to inform this committee and other members of Congress, about the drastic impact the current economic recovery program is having on all the many accomplishments we have made to this date.

First I would like to present my views as a community member. Both Mr. Cameron and I can recall quite vividly the start of our long struggle to obtain the degree of self sufficiency we maintain today. We can recall when our people rejoiced over the installation of one street light. That street light was installed for the safety of our young people but maybe it was installed to provide us with a ray of hope - a guiding light. From this point on we watched our Tribes make many accomplishments. We watched as new homes were built and older home were repaired; we have seen Tribal operations develop into efficient business enterprises; we have seen health services, through both direct and indirect services, vastly improve the health standards of our people; we have seen the educational attainment level of our people improve; we have watched our people continue to adopt and implement new operating procedures that enhance their operating efficiency; we have seen because we live there, but other people who were not able to physically observe these accomplishments, are not able to relate to and fully appreciate the truly magnificent accomplishments our Tribal governments have made. As I travel around my little community, I often try to compare our efforts with the United States in general. I think to myself, America has recently celebrated its 200th birthday, our Tribes have yet to celebrate their 20th birthday as offical government bodies, but yet they have accomplished so much in such a short time. We state this fact with pride and with deep personal self satisifaction.

Speaking as the Vice Chairman of my community, I have the opportunity to view our efforts from another prespective; that being management. In the area of management the corporate capabilities of our Tribes had to grow as rapidly as our communities. We are fortunate because we were able to keep pace with this rapid growth. Like any other business venture, we did encounter our fair share of difficulties, but we were able to learn from these mistakes. Our management capabilities have grown and are now a definite asset to our community endeavors. It is very rewarding to hear such language as; management by objectives, blue pring marketing, program evaluation, goals and objectives, job performance ratings and other such language once foreign to Tribal governments now being used daily by Tribal employees in the performance of their duties. We hear that old adage, "that change takes time." We firmly believe that many changes have been imposed upon us in a short time and we accepted that challenge.

For the past four to five years, the management and program responsibility of Inter-Tribal Council has grown substantially. Prior to the recent budget cutbacks, Inter-Tribal Council was handling 25-30 major socio-economic needs areas with State and Federal funding averaging slightly above $2 million plus. With funding at that level, Inter-Tribal Council was able to achieve the following program accomplishments:

1. The administration of an on-going Adult Vocational Training Program which serviced over 600 individuals.

2. The administration of an on-going Social Service Program which positively affected 75% ot the service population.

3. The administration of several health programs which resulted in the marked improvement of health conditions of tribal members and has affected 100% of the total Native American service population.

4. The administration of a variety of Manpower and Employment Training Programs for 30% of the population of the tribes.

5. The establishment of an Indian Child Welfare Agency which has provided foster care and adoption services to 300 indian families in Michigan since its beginning in 1978. This agency has also provided up to 4,000 responses to questions about the Indian Child Welfare Act of 1979.

6. The establishment of the Michigan Indian Rural Health Board which provides health outreach services to remote rural areas in 9 counties in Michgian which had a significant Indian population.

In addition to providing direct services to its population, Inter-Tribal Council has been successful in getting other Federal Agencies that provide services to Native Americans to locate in Michigan. Through the Legislative process and by working cooperatively with the Bureau of Indian Affairs, we were able to get a BIA agency established in the State of Michigan in 1974. Inter-Tribal Council was also able to secure a 26 bed hospital that became available because of an Air Force Base closure. Inter-Tribal Council through Congress was able to secure funding for the operations of an out-patient clinic at this facility.

The reason we have taken the opportunity to briefly review our efforts is because our many accomplishments are now being erased by the current policies of the United States Government. We hear and continue to hear the words, "self-sufficiency". Indeed, self-sufficiency - self determination is the ultimate goal of our people. We aspire to reach this goal, but we must also deal with realistic facts as we set our course to reach this goal. Many Tribes, especially small Tribes, lack the fiscal or human resources to meet this challenge. Given this fact, it is extremely difficult to rationize with the policy makers who formulate such policies without apparent clear understanding of the problem. How do you plan to obtain self-sufficiency, if in fact, the resources we need to mobilize our efforts are taken away from us? The Education funding level has been cut by 33%. Is cutting funds for education compatable with the self-sufficiency policy? We have lost our program funded by the Economic Development Administration, but yet we see no bold move on the part of BIA to offset this loss. If we lose our ability to plan, is it realistic to think we can achieve self-sufficiency? Can we tolerate any slippage in our efforts to date? Wouldn't allowing any slippage to occur impede our efforts to achieve self-sufficiency. There are other areas of concern that must be considered is our over-all evaluation of Indian policies. Michigan is a non PL-280 State, therefore, the complete jurisdictional control rests with the Tribes. In terms of maintaining adequate programming, the tribes must be provided adequate resources to maintain social services, child protection, child welfare, policy protection, tribal courts and other such programs that may be required to fully accept and meet this responsibility. All of these elements must be taken into consideration if we are to achieve self-sufficiency. We would strongly suggest if self-sufficiency is to work policies and strategies must be developed at the national level to effectively deal with the self-sufficiency policy. We have been constantly advised to implement sound planning programs. We are astonished that the U.S. Government would on one hand advise us how to implement the fine art of planning and on the other hand hinder our efforts to implement such measures. We have moved from self-determination to self-sufficiency within a very short time frame. Tribal governments had hardly time to adjust to the meaning of self-sufficiency when we found ourselves trying to implement programs designed to lessen our dependency on the Federal Government. Hardly can crash adjustments programs be construed as planning. Once again we find ourselves exposed to the management by crisis concept. Congress has repeatively acknowledged the unique government to government relationship that exists between our Sovereign Nations resulting from treaties. It is our belief that the self-sufficiency policy could provide our sovereign nations with the impetus to implement the true meaning of that government to government relationship. Let us strive towards this goal together. Mr. Chairman and members of this committee please be assured that the tribes we represent are painfully aware of the economic conditions that face this nation today. While we acknowledge the plight of this nation, we must stress the fact that we represent the people who have classified as the "poorest of the poor." Since this administration has embarked upon its economic recovery program, the funding level of Inter-Tribal Council of Michigan has been reduced by 44%. This sort of reduction cannot be justified for an organization that provides much needed services to a group of people that are currently being confounded with an unemployment rate of 65% (see attachment # 1). In addition, of those employed, 42% earn less than $7,000.00 per year. These figures, combined with the fact that our people have the largest family size in the State of Michigan, make the plight of our people that much grimer.

In fiscal years 1980 and 1981, Inter-Tribal Council reached its highest level of funding (see attachment # 2). This funding level provided an adequate level of funding to provide essential services to our Tribal members. We have prepared a list of the programs that we administered by Inter-Tribal Council during that period and are respectively requesting this committee to appropriate funds to our four Tribes so that we may continue to provide the services identified for our people. The amount of funds required to sustain our operating capacity at this level is $1,143,199., (see attachment # 3). In our closing remarks we would like to refer to an editorial which was entitled, "Black History, It's a Tale of Struggle, Survival and Achievement." The concluding paragraph read as follows; "Each generation grows and builds on the achievements of those who went before. We study the past both to attempt to avoid its mistakes and to duplicate its successes." The quotation of this editorial is a fitting end to this testimony. Thank you.

Senator SCHMITT. Our next witness will be Mr. James Price, Seattle Indian Center.

STATEMENTS OF:
JAMES PRICE, SEATTLE INDIAN CENTER, INC.
WAYNE TERRY, SEATTLE INDIAN CENTER, INC.
BETTY JOHN, SEATTLE INDIAN CENTER, INC.

Mr. TERRY. I am a member of the elected board of directors for the Seattle Indian Center.

This is Mr. Price, the chairman of the board, and Miss Betty John.

Senator SCHMITT. I'm going to apologize. I must move on. The staff will continue to receive the testimony.

We appreciate your being here. I wish I could stay a little bit longer.

Mr. TERRY. We represent the Seattle Indian Center, an umbrella, nonprofit institution serving the urban Indian population of Seattle.

In 1981, we provided services for some 28,000-plus native Americans from 40 tribes covering the greater northwest and Alaska. The services included child welfare programs, foster care and adoptive actions, alcohol counseling, CETA training, employment assistance, crisis care, hot lunch programs, referral services, legal services, and adult education classes.

In 1981, our overall budget was in the vicinity of $1.8 million.

For the specific problem addressed here today by us, off-reservation child, Indian child welfare programs, we require $246,000-plus to operate for 1982-83.

Ms. RICHARDSON. Is that each year?

Mr. TERRY. Yes; a year.

Our total resource pool, bits and pieces of various monies from United Way, ANA, BIA, and some title IV moneys, is drying up. There is pressure to totally remove the urban Indian from any eligibility whatsoever from legislative funds. We have not been able to compete in the block grant world for political, bureautcratic, and a number of other reasons.

The demographics of the matter are that the move for the native American is from the reservation and the small town to the urban area. At this particular point in time in the State of Washington, 53.7 percent of all of the Indians live in and around urban centers like Yakima, Seattle, Spokane, Tacoma. And it would appear that this is the national trend if our information from the 24 other Indian centers are anywhere near correct.

In Seattle, that is over 28,000 people. We need recognition for the urban Indian and his plight that defines the urban, his status, and a right to an equitable access to resources devoted to native American problems.

We request the privilege of forwarding additional information for the record at a later time if we could. We have got some more material that we need to send in.

Thank you. And we thank you for your time.

Ms. RICHARDSON. Thank you.

[The information follows:]

STATEMENT OF WAYNE TERRY

I appreciate the opportunity to submit testimony on behalf of the Seattle Indian Center. We are here to advocate for continued support of off-reservation Indian Child Welfare Programs. We require $246,128 to operate our Foster Care and Adoption Program for 1982 - 1983.

Anthropologist Henry Dobyns estimates the New World aboriginal American population pre-European contact to have been between 15 and 18 million within the contiguous United States,[1] exclusive of Canada and Mexico.

What became of our Native American population? Havelock Ellis once stated that civilized man arrived in the New World armed with alcohol, syphyllis, trousers and the Bible. Since 1492, this population has endured displacement, disease and the destruction of its traditional values. For the first time since European contact and the decimation of our people, the Native American population has reached a total of 1.5 million people, double that of the previous census.

The Seattle Indian Center can testify to the ever-mounting and morbid statistics that afflict our people. Since the late sixties, the Seattle Indian Center has witnessed the heavy influx of Native Americans from the reservations, small towns and villages. They came in search of better housing, better education and more job opportunities. We have watched citizens of every Indian nation pour into the off-reservation Indian centers throughout the land that serve as a haven and indeed a Mecca, beckoning all to come who seek minimal subsistence.... not daring to even hope to pursue the American dream of owning a decent house, a car and having an I.R.A. account.

Once again we find ourselves fighting for the existence of our people. This time we are not fighting the Cavalry but the administration's budget cuts. This administration proposes to cut much-needed programs, and even exclude off-reservation Indians while our Native American population has doubled since 1976. Currently 53.7 percent of the Native American population[2] lives in and around large urban areas. We use the term 'lives' rather loosely because of the following statistics:

UNEMPLOYMENT:	In the greater Seattle area, the rate of unemployment among Indians is 40%.[3]
EDUCATION:	In Washington State, 63% of all Indians over the age of 25 have not graduated from high school.[4]
HOUSING:	Fifty-two percent of the Seattle Indian Center's Nutrition Program clients are "transients" living "on the street."[5]
LIFE EXPECTANCY:	The average age at death for Indians living in the Puget Sound area is 47.2 years.[6]
INCOME:	Forty-four percent of those persons receiving congregate meals at the Seattle Indian Center have no income whatever; another forty-four percent have incomes below 40% of the state median income.[7]
INFANTS & CHILDREN:	Maladies (including sudden infant death syndrome and birth defects) which result in the death of infants, are the third leading cause of death among Indians living in the Puget Sound area. One-third of all Indian children are partially or totally deaf due to the effects of otitis media, a disease so rare in the general population that no statistics are kept. In Washington State, the adoption rate for Indian children is 19 times greater than the non-Indian rate, and the foster care rate is ten times greater. Surveys taken by the Association of American Indian Affairs (AAIA) indicate that 25 to 35 percent of all Indian children are separated from their families and placed in foster homes, adoptive homes or institutions.[8]
MORTALITY:	The accidental death rate for Indians living in the Puget Sound area is double the national average. Five out of every 100 Indian teenagers will commit suicide in 1982.

> The death rate resulting from influenza and pneumonia among Indians living in the Puget Sound area is 1.8 times the U.S. rate.
>
> Among Puget Sound Indians, the number of deaths caused by cirrhosis is more than twice the average for Indians in the 25 reservation states and 7.2 times the national average of all races.
>
> Alcoholism among Indians in the Puget Sound area is 8.4 times the national average.[9]

In 1981, the Seattle Indian Center provided direct service delivery to over 28,000 people through our Foster Care and Adoption program, the CETA program, Adult Education classes, the Fetal Alcohol Syndrome Prevention, Emergency Services, the Hot Lunch and Food Bank programs and the Legal Services. These are vital programs that must continue to exist to alleviate the suffering of the most deprived minority people in our country.

Don't allow the words of Rudyard Kipling to become an epitaph for our Native American people that all the world will see . . . .

> Take up the White Man's burden--
> Have done with childish days--
>
> The lightly proffered laurel,
> The easy, ungrudged praise.
>
> Comes now, to search your manhood
> Through all the thankless years,
>
> Cold, edged with dear-bought wisdom,
> The judgement of your peers!

CETA

The CETA office of the Seattle Indian Center is a vital part of the Indian Center as a whole. Currently it plays a necessary step in the process of the overall center. The step into unsubsidized employment and the ability of our clients to live on their own without further support. Before they can take that final step many of our clients need counseling in how to approach the job market. They lack basic job search skills. The evidence of this lack of knowledge is present in the fact that Indian unemployment rates are double that of any other minority group. With the closing of all the downtown employment security offices we are one of the few offices left providing these services. To effectively operate a CETA program in Seattle we would need a budget of $800,000.

EDUCATION

Over 24,000 Native American persons can be found in the Seattle area. Out of these 24,000 individuals there are over 8,000 of them functioning below the sixth grade level in basic educational skills. The Seattle Indian Center has submitted an application for $130,000 through Title IV Part C to provide intensive educational instruction in reading, math and English. In the State of Washington three out of every four Native Americans live in off-reservation population centers, i.e. Seattle, Tacoma, Spokane and Yakima. If the Office of Indian Education programs were to be shifted from the Office of Education to the Department of the Interior then the majority of the Indian population will not be served because the Department of Interior does not recognize off-reservation Indian institutions.

NUTRITION

Free Meals - Free meals are served on weekdays at noon. When there is sufficient food, the meal program is open to all low income people. Otherwise, it is limited to persons over 40 years old. The meals are served at the Indian Center and consist of a meat dish, a staple, vegetables, milk or coffee, and a dessert. More than 20,000 meals 70,000 are served each year. Out of every four persons served, two are transients and one lives in the downtown area in low-income housing. Forty-four percent have no income and approximately half say they have no other source of food. Thirty-seven percent are Indian; Thirty-two percent are Caucasian, and thirty percent belong to other minorities.

ANA

Funding from ANA is essnetial to the survival of off-reservation Indian centers. Most Indians live off the reservaticn: in Washington State 75% of all Indians live in the cities. Off-reservation Indians are worse off than any other minority in the cities: 40% are unemployed; 63% have never finished high school; a quarter live below the poverty level. In the past, ANA has supported employment, educational, and social activities aimed at making Indians more self-sufficient for a $90,000 cost in 1981 of 200,000. This has resulted in less Indian dependency on costly welfare programs. Without ANA support, most of these programs will not survive at the Seattle Indian Center, and our off-reservation Indians will have no where else to go because of cultural barriers to non-Indian programs. Without these programs, we cannot realfstically expect the majority of our off-reservation Indians to become productive, contributing members of our communities.

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(1) Dobyns, Henry F., Estimating Aboriginal American Populations, Current Anthropology, Vol. 7, 1966, pp. 395-449
(2) 1980 Nutrition Program Statistics, Seattle Indian Center
(3) "Labor Market Information for Affirmative Action Programs," 1976, Washington State Employment Security Department
(4) "1970 Demographic and Socio-Economic Profiles of the American Indian Population of Washington State," 1973, Washington State Superintendent of Public Instruction
(5) "Food and Nutrition Status of Washington State Indians," 1979, Hunger Action Center, Seattle
(6) Health Plan: 1981-1984, Indian Health Service, Puget Sound Service Unit
(7) "White House Conference on Food, Nutrition, and Health, Final Report," 1969
(8) "The Destruction of American Indian Families," 1977, William Byler
(9) "Protecting American Indian Children," 1980, Ronald S. Fischler

Ms. RICHARDSON [presiding]. Edward Thomas, Federation of Southeastern Alaskan IRA Councils.

STATEMENT OF EDWARD THOMAS, PRESIDENT, FEDERATION OF SOUTHEAST ALASKA IRA COUNCILS

Mr. THOMAS. Good afternoon.

I am Edward Thomas, president of the Federation of Southeast Alaska IRA Councils. I administer all of the programs operated by the Ketchikan Indian Corp., which is a federally recognized tribal government.

First, allow me to apologize in advance if my testimony may appear to be negative and complaining in nature. It is not really intended to be. It is simply an attempt—I am attempting to share some facts, experiences, and examples with this committee. So, it may be helpful to the committee, as it confronts the very difficult task of deciding on a national Federal budget.

We, as a people, recognize and appreciate that Congress has and continues to be a guardian of Indian rights.

Addressing myself to my testimony, I will summarize points of my testimony in the effort of conserving time.

My main consideration is we are confronting another year of budget cuts. We recognize that there is a need to reduce in many areas. We only suggest that the administration of the Bureau of Indian Affairs experience the same kinds of cutbacks that we are at the local level.

We have been advised that the Bureau of Indian Affairs is proposing to reduce the Alaska area office to a field office and move it to Anchorage. I personally am opposed to the moving of the office, because I think it defeats the purpose of any costs that would be saved by reducing it from an area office to a field office.

I agree, however, that the area office needs to be trimmed down because many of the programs that we receive are received on a contractual vein and really do not require the administration of the Bureau of Indian Affairs. I think the intent of Public Law 93–638 was to transfer those responsibilities to tribes with only key administrative personnel.

Looking at this year's budget again, we find that program management in the BIA's budget is increasing again. We find that the general administration portion of the budget is increasing by 20 percent, while other programs such as education is increasing about eight-tenths of 1 percent.

I think it emphasizes my point that the administration really has to experience some of the cutbacks we are experiencing.

In the area of IHS, I think it is important that Congress realize that many of the memorandums are supposed to be memorandums of clarification, really are changing the intent of the act in my opinion.

We have a memorandum, 82–1 of IHS, which essentially tells the tribe that "You can perform the same duties that we are, but you do not get any administrative dollars for doing that."

I think, if we look deeper into other similar situations, we will find that the agencies are in many instances doing things contrary to the intents of Congress. I think that Congress really needs to look into that at some point in time.

It is very important that people recognize that these programs have been very beneficial to Indian people in meeting the special education needs of Indian children and reduction in this area, without going through the entire system that was set up by Congress.

At the passage of the act, I think we will find there are going to be very many negative impacts.

I disagree with the intent of the administration to move the Office of Indian Education into the Bureau of Indian Affairs. I think to get caught up in that hierarchy, which is really inefficient in many ways, not looking after the best interests of Indian people as far as education is concerned, I think we need to evaluate a little more closely. In the many testimonies that were received throughout the country, the general population of the Indian people are not interested in seeing the Indian education program moved to the Bureau of Indian Affairs.

PREPARED STATEMENT

I realize that there are other people going to be testifying, and I will cut my testimony off there, knowing that you have a copy of my written testimony.

Ms. RICHARDSON. Yes; and that will be included in the record.

[The statement follows:]

STATEMENT OF EDWARD K. THOMAS

ON: Proposed Federal Funding Cutbacks to Indian Tribes and Other Bureau of Indian Affairs and Indian Affairs and Indian Education Administrative Issues.

Good afternoon Mr. Chairman. My name is Edward Thomas. I am the President of the Federation of Southeast Alaska IRA Councils. Also, I administer all programs for the Ketchikan Indian Corporation which is the Federally Recognized Tribal Government for Natives residing in the Ketchikan Gateway Borough, located in Ketchikan, Alaska, established under the Indian Reorganization Act of 1934 as amended for Alaska in 1936.

FUNDING LEVELS:

Indian tribes in Alaska concur with Congress that expenditures of the Federal Government must be reduced in order to stabilize the national economy. However, we also feel that it is very important that funding to the needy people of Indian tribes should remain consistent. This consistency is very necessary for those programs to be effective. This consistency can be accomplished several ways while still reducing the expenditures of the Federal Government.

In the Bureau of Indian Affairs, for example, there is much room for reducing administrative costs:

1. Bureau of Indian Affairs Area Office Contracting Grants Officers should be eliminated. the responsibility of dealing with the details of grants and contracts are funneled through the various superintendent's offices, then are duplicated by the Area Grants and Contracting Officers and finally submitted to Washington, D.C. Administrative Offices for final approval. These extra layers of administration are unnecessary and cumbersome. As a matter of fact, in the future, there is a possibility that the Area Offices can be eliminated altogether and the responsibilities of dealing with tribes can be handled through the Superintendents offices on a more localized administrative policy.

2. Congress must mandate that paperwork requirements within the Bureau of Indian Affairs be reduced and in many cases eliminated. Nearly every President within the past decade has indicated that paperwork will be reduced, and as these promises were made, the Bureau of Indian Affairs continues to increase the amount of paperwork required for all grants and contracts. It is my opinion that nobody reads monthly and quarterly narrative reports required by the Agencies and therefore are useless. I would recommend that the Agencies be required to comply with Public Law 93-638, the Indian Self-Determination and Education Assistance Act Regulations, in which only annual narrative reports are required. Congress must also mandate that Agencies comply with with the law which specifies that the administrating Agency consult with Congress before imposing new rules and regulations. Currently, the Bureau of Indian Affairs and Indian Health Services Administrators, issue memorandums requiring unnecessary paperwork and procedures of the various Indian tribes. It is my opinion that this is contrary to the Rules and Regulations and the laws passed by Congress.

Federal Cutbacks having a net effect of greater than 20% or more will have a catastrophical effect on our Indian Tribes. (This net effect can be calculated by adding the inflationary factors onto the actual budgetary cuts.)

The unemployment rate in our area has, for the first time since the great depression exceeded 18% and now exceeds more than 50% among the employable Natives in our area. The timber industry, which for years has been a stabilizing factor in the local economy, is seriously threatened by the downward trends in the national housing starts resulting from the high interest rates. People who once were able to gain employment in the logging and timber processing plants are now unemployed through much of the year, contributing greatly to the high to the high unemployment rate.

Another area of great concern to the tribes that I represent, is the recommendation of the administrative personnel in the Bureau of Indian Affairs to eliminate General Assistance to Alaska Natives in the upcoming year.

It is important to recognize the fact that employment in Alaska, for the most part, is very seasonable, due to the long winters and short summers, and that many Alaska Natives or other low income residents in the State do not have the necessary skills to enter into the job market opened up by new industry within the State. Although many of the individuals are making a valiant effort to gain employment in these industries, and the industries themselves are willing to train them, these processes take much time and do not happen overnight. Therefore, it is important that the State of Alaska be given more time to adjust its policies and laws to accommodate the needy Native people within our State.

As many of you know, the State of Alaska does not have included in its constitution the definition of "Indian" or "Alaska Natives" when it comes to providing special assistance for consideration to those who need assistance from State or local governments. As a result, any request from the Native community for special assistance is often-times categorized as racial rather than the relationship from one government to the other.

Throughout this past year, the Bureau of Indian Affairs Officials, along with the Health and Human Services Department of the State Government, have been meeting to develop alternative solutions to the reduction in Federal General Assistance programs. Even with these two agencies concentrating on the problems that will potentially arise from the elimination of

General Assistance programs by the Bureau of Indian Affairs to Native people, it is fairly well understood that it is going to take much more time to develop policies that could be adopted by the State Legislature to accommodate these problems.

Therefore, I am hereby suggesting that the Congress of the United States consider one, and possibly two years extension of the General Assistance program to the Alaska Natives provided through the Bureau of Indian Affairs.

In summary of the funding level concern, it is important that Congress be made aware that the net effect on Indian tribes is far greater than what is intended in the passing of appropriations bills that effect Indian tribes.

One significant example of deteriorating of Congressional intent was illustrated in last year's budget process. Congress and the President stated that the cutbacks within the Bureau of Indian Affairs would be about 7%. By the time it reached the tribal level we were cutback 55% in Bureau of Indian Affairs P.L. 93-638 104A grants; 100% in Adult Basic Education; 35% in Johnson-O'Malley; 40% in Housing Improvement, 100% in General Assistance; 30% in Higher Education Assistance, and approximately 35% in Adult Vocational Training. Obviously, these figures are much higher than 7% that Congress intended to cutback to Indian tribes. Granted much of these funds are gradually being reinstated to a compromise level, however, I feel that it is important that Congress be made aware of the munipulations that are taking place in the administrative offices.

INDIAN EDUCATION:

In reviewing the proposed fiscal year 1983 Federal Budget, it is noted that once again the administration proposes to remove the office of the Indian Education from the Department of Education into the Bureau of Indian Affairs under the Department of the Interior and reduce the funding level by approximately 20 million dollars.

First of all, the tribes in our area oppose the transferring of Indian Education programs to the Bureau of Indian Affairs and do recommend that a separate agency or foundation be established which would work directly with the Administrative Branch of the Government to adminster these programs to be eligible participants.

We oppose these for several reasons:

1. The administrative process of the Bureau of Indian Affairs is too cumbersome and much of the dollars will be eaten up by the extensive administrative needs.

2. The eligibility requirements for the Indian Education program are different from those requirements for the Bureau of Indian Affairs.

3. The existence of the National Advisory Council on Indian Education provides tribes and all other Indian people with an opportunity to provide input into the direction of these programs. The Bureau of Indian Affairs has no such committee and therefore, many of the decisions made on Indian Education in the Department of Interior are made without any tribal input from Indian educators.

Secondly, it is our feeling that the funding for Indian Education should remain consistent at least through 1984 for several reasons:

1. A National Impact Study is being conducted by a private consulting firm to determine the Impact of Title IV, Part A, on the Education system throughout the country. Congress should wait until after the study is completed and the reports have been made to make a decision as to whether these funds should be reduced or consolidated with other programs or to be discontinued altogether.

2. There simply has not been enough time for these programs to be totally absorbed, or in other ways, influence schools systems to meet the special education needs of Indian children. As most people in education realize the impacts of various programs in the educational system, are sometimes not realized until after a total general has passed through the educational process.

3. The needs identified at the local level, far exceed present funding levels. Further reduction would seriously jeopardize the effectiveness of nearly all Indian Education programs. ¶ The tribes in our area are also very concernad about the efforts of the Bureau of Indian Affairs Administration to close Mt. Edgecumbe High school located in Sitka, Alaska. Coupled with the proposal of the Bureau of Indian Affairs to turn over some 35 Bureau of Indian Affairs day schools to the Alaska Department of Education seriously jeopardizes the quality and quantity of education to Alaska Natives and should not be tolerated by Congress. On the Issue of Mt. Edgcumbe High School Closure, I feel that there are other alternative ways in dealing with the high cost of running those schools. One example would be to limit the participation in the school to students that are in their junior/senior year and open up the available space to the creation of a vocational and/or trade school for Alaska Natives. As the Native Corporations within the State and new industry develops, it is very important that vocational training be made more available to Alaska Natives during the next decade or so. Without such training we find that the unemployment conditions that exist in the Native community will not change. I feel that such a plan is achievable and desirable at this point in time.

Also, it must be recognized that in Alaska, the villages from which many of the students come from are not large enough to support a high school because:

1. The low tax base of the community which is necessary to support a school.

2. Sometimes the entire school student population is ten students or less. With such a small high school population it is impossible for the school to set-up programs such as extracurricular basketball teams, musical programs such as band and choir, other team sport activities such as volleyball, softball, or baseball, or other such programs. Without such programs, the quality of education in rural communities is seriously lacking. In many cases it is not even feasible to set-up remedial programs for students who have academic problems, or counseling for students who have adjustment problems due to the small student body.

On the Bureau of Indian Affairs school issue, the State of Alaska has stated that it is not willing to assume responsibilities for these schools unless they are upgraded to meet State Code Requirements for a public building. To upgrade these schools would coast millions of dollars and the State does not have the funds included in the State Education Appropriations Legislation to accommodate such an upgrade. Therefore, it is my feeling that if these funds are eliminated from the Bureau of Indian Affairs Budget in the State of Alaska, these students will be without access to educational programs within the next two years. I feel that there can be a compromise, however, such a compromise will never be reached unless there is sincere involvement within the Bureau of Indian Affairs and the Alaska Department of Education to develop such a compromise. As it is now, there appears to be a standoff and an impasse between these entities as to how these problems will be resolved. It is unfortunate that the Alaska Native student must face the consequences of the inabilities of these two agencies to workout a viable solution. The assistance of Congress is very much needed in resolving this problem.

INDIAN HEALTH SERVICE:

It is very important that the Health Services provided to Alaska Natives under the Indian Health Services be continued at current levels. Any cutbacks authorized by Congress should be limited to the Administrative Offices of the Indian Health Services and not in anyway effect the delivery of services at the local level.

In Indian Health Services, as in the Bureau of Indian Affairs, many of the area offices can be eliminated and contracting take place through a direct relationship between the Indian tribes, the local hospitals, and the central offices of the Indian Health Services. Also, an analogy of the contracting laws points out that the Rules and Regulations that govern contracts to Indian tribes should be amended to accommodate some of the shortcomings of contracts.

Specifically, the Indian tribes should be able to contract only for the net salary of IHS employees, should those employees transfer with a contract to Indian tribes. Benefits such as retirement, medical benefits and Cost of Living Allowances (COLA), should remain with the Federal Government and these employees remain eligible for those Federal programs throughout the duration of the contract. This is necessary because it is not attractive for a Government employee to go with a tribal contract because he or she would lose the retirement benefits that in many cases have accrued over a decade or more and represents a significant loss to the employee. Also, Cost of Living Allowances provided by the Federal Government are not taxable and therefore impossible for the tribal government to compute in order to equally compensate the employee for the loss of these benefits through the transfer. Such amendments would not cost the Government any more money and would not cost the tribes any more money. In the event of the termination of this employee, then that position can be filled by a non-government employee which then would not be eligible for the Cost of Living Allowance, nor the other benefits provided by the Federal Government.

Thank you Mr. Chairman for the opportunity to provide my testimony to your very distinquished committee. I am confident that your committee will keep the concerns of the tribes that I represent in mind as you make your very difficult decisions as it relates to the budget. Please note that our requests do not include requests for money. We simply want to work cooperatively with the United States Government to ensure the trust relationship with our tribal members and at the same time reduce the cost of administering programs that ensure this trust relationship. If there is any other way we can be of assistance to Congress in achieving our common goals, I will be most glad to commit the energies of our tribes and tribal members to the accomplishment of such.

Once again, thank you.

Ms. RICHARDSON. Is there anyone here who is scheduled to testify and has not testified?

Is there anyone here who is not scheduled to testify and would like to testify at this time?

STATEMENT OF ROGER C. BORDEAUX, ASSOCIATION OF CONTRACT TRIBAL SCHOOLS AND EXECUTIVE DIRECTOR, ST. FRANCIS INDIAN SCHOOL, SOUTH DAKOTA

Mr. BORDEAUX. I represent the school and also the Association of Contract Tribal Schools, which has just recently been organized. We hope within a year's time to represent the 65 contract schools that are operating under Public Law 93–638.

We currently have roughly 18 or 20 schools that are committed to the association, and they have some common concerns that I would like to point out.

One of them I think the people from Pine Hill alluded to, which deals with the formula. A lot of the contract schools were happy when Congress passed Public Law 95–561, because we thought the formula would be beneficial. I still think that a formula system would be beneficial to the schools, but there are some problems within the formula.

I would like to point out two specific things: One of them is for a small school adjustment. If you operate a school system under 300 students, when you look through the formula and provide enough basic services for a teacher in a classroom or combination of classrooms, you look at that and you come up with enough money, what is left over after providing those basic services, just for the instructional teachers and the principal, you actually have nothing, almost nothing left.

If you operate a school system with 135 students in a K–12 system in a small reservation, you are going to have minus moneys.

A lot of the schools, through supplemental programs, have been able to pick up some of what they consider basic costs and have been able to supplement what the Bureau calls basic funding.

Another problem with some of the schools is the transportation formula which currently operates by the number of miles that we drive and the number of students we transport. We generate $48,000 for transportation services. Our actual costs this year are going to run—barring not too many changes in the cost of fuel and all, that is going to run $91,000.

Another problem area that some schools generate, 39 of the 65 contract schools are what are called previously private schools. They are either previously sectarian schools or public schools. There was $2 million set aside for the operation and maintenance costs of these schools, and the Bureau separated that money and spread it out among all of these schools. I think that almost all of the schools are getting somewhere between 40 and 50 percent of what it actually costs.

As another example, our school system last year spent $400,000 on operational and maintenance costs, which is fuel oil and everything else. Through the money that was set aside, we only received $200,000. So, we have to pick up $50,000 in transportation costs. We have to pick up another $200,000 in operational and maintenance costs. We were able to offset some by supplemental programs, but now a lot of the supplemental programs are fading away.

Ms. RICHARDSON. Where do you get the supplemental moneys?

Mr. BORDEAUX. Some from private sources, but some of the other money—it is hard to justify the operational or maintenance costs for supplemental programs. We have been able to pick up some of the instructional costs through supplemental programs.

As most of you know, the conference committee report last year more or less crossed out contract schools for the Johnson-O'Malley funds. The food service program is in jeopardy. We have been able to hold on for this school year, and we will probably lose that program next year.

When you have to serve 450 students at the local level, there has got to be something within our formula to guarantee some type of basic education.

Ms. RICHARDSON. We have had a lot of complaints about the small school adjustment.

Mr. BORDEAUX. If you are just aware of the problem that the small schools are having with the transportation.

Ms. RICHARDSON. We are. The chairman asked the Bureau about it last year. They said they would change the small school adjustment.

Mr. BORDEAUX. There were two other small things I wanted to mention.

We would like the opportunity for the 65 contract schools to submit testimony over the next 2 or 3 weeks. Since we have been a contract school we have been able to significantly improve. Right now, at the primary levels, kindergarten, first and second grade, roughly 75 percent of our students are at or above grade level. It has taken us that long to get that far.

I think contracting works and a lot of people believe in it, but we are going to get a turnaround.

Ms. RICHARDSON. Thank you very much. Your prepared statement will be included in the record.

[The statement follows:]

STATEMENT OF ROGER C. BORDEAUX

My name is Roger C. Bordeaux, the executive director of Sicangu Oyate Ho, Inc., which operates the St. Francis Indian School on the Rosebud Sioux Indian Reservation in South Dakota. With me is School Board Chairman, Manley Night Pipe, who has served in this position off and on for ten years. We run a previously private tribal contract school for 450 students from grades Kindergarten through 12th grade.

We will be glad to highlight our written testimony, and answer any questions you may have.

This is the first time we've had to come before you for several years because you have been making a commitment to us in the tradition of the Congress. One hundred eighty years ago, on March 23, 1802, the Congress appropriated $15,000 in recognition of its responsibility to Indian education. That was a sizeable amount in those days, and it marked the first time the Federal Government made a significant financial commitment to the tribal people of America.

Since we began operating St. Francis Indian School on July 1, 1972, our school board has recognized the need for fiscal restraints. We've held ourselves accountable for our expenditures by having an annual audit performed by a Certified Public Accountant auditing firm. We've used this audit not only to let the Federal Government know we are spending the money according to our approved budget but also as a management tool for ourselves.

We come to seek your help, because in the past we've been able to survive through the use of supplement and discretionary funds from the Bureau of Indian Affairs and the U.S. Department of Education, although our basic contract with the B.I.A. was inadequate in the area of operation and maintenance.

But these supplemental monies are drying up. In conference Appropriations Committee, we as a tribally controlled and charted contract school were not allowed to use Johnson-O'Malley funds for Fiscal Year 1982. Earlier this year, the U.S. Department of Agriculture ruled we could not take part in the National School Lunch and Breakfast Program. Through your help, we are being allowed to take part only until the end of this school year.

We think these kinds of cuts were made in an attempt to keep within the President's budget request, but it is dismaying to find out about these things in the light of what the then future President had to say on September 26, 1980:

> "History tells us that the only effective way for Indian reservations, and Indian communities, to develop is with local Indian leadership. Bearing in mind the legal and historical background, tribal governments must play the primary role in Indian affairs. State and non-Indian local governments can at best play only a secondary role."

As the educational arm of the Rosebud Sioux Tribal Government on the elementary and secondary school level, we need to be adequately funded to produce those local Indian leaders who the President spoke about and who will operate efficient tribal governments.

Unemployment on our reservation, due to all the federal cuts, is hitting 75 percent, according to a letter to President Reagan from our Tribal Chairman Carl Waln, who is an advocate of fiscal accountability. The jobs we do have that are held by the other 25 percent are positions that need people with postsecondary education or training. To get our tribal members into these jobs, the majority of which are held by non-tribal members, we need to have a strong educational program on the elementary and secondary level, so they will be able to take part and complete their education for these jobs.

As we said before, we've survived by using both basic contract funds and supplemental education monies.

In addition to the elimination of funds for us mentioned above, we have now been threatened by the Office of Management and Budget through proposed recissions of budget authority of appropriations approved by the Congress for Fiscal Year 1982. By the two-year spending authority, these proposed recissions affect our present budget as well as next school year's budget.

These recissions affect several of our supplemental programs, including those for Compensatory Education for the Disadvantaged (Chapter I funds formerly known as Title I), Indian Education Act (Title IV, Part A funds), and Bilingual Education (Title VII funds), all of which were proposed on February 10, 1982 by OMB.

Because of these cuts and proposed cuts, we are here to ask you to appropriate enough money to adequately fund operation and maintenance costs of our school and others in our situation. Unlike the Bureau of Indian Affairs which has not taken a cut for operation and maintenance for its schools, as far as we know, we cannot use general operation and maintenance services as it does if we get in a bind.

Two years ago on the Senate side, contract schools were promised full funding for operation and maintenance as Congress intended under the Educational Amendments of 1978, Title XI, Part B, Public Law 95-561. Now, we're turning to you for

We have attached some charts so you'll be able to see more clearly what we are talking about, when we say we are willing to take our share of cuts. But when operation and maintenance costs have never been adequately funded in the first place and we've had to use our basic instructional monies for them, we think we are suffering more cuts than our share.

For the past fiscal year, we had to spend $400,294 for operation and maintenance costs. Our allocation from the B.I.A. was $200,000. The other $200,294 came out of our basic B.I.A. formula monies for the school, which was not intended under the formula to be used for operation and maintenance, although legally this is permissible. In turn this loss of formula money was made up for by the use of supplemental programs in the instructional area. We survived that school year with help from Mother Nature's mild winter.

Thinking that we would face some cuts for this current fiscal year, we, on our own, cut our operation and maintenance budget to $342,000. So far this year, we have a B.I.A. allocation of $192,000 for operation and maintenance costs, and again we have to rob our formula money to make up the difference.

We thought we would survive this year, but we now have our doubts, in face of the tremendously cold winter that you've been reading about in the papers or seeing on television. As our heating bills rise, we have nightmares of those horrible days in the past when one of our teachers complained about the cold, as we laughed it off until she made us take a thermometer back there in the classroom. It stopped at 53 degrees fahrenheit.

Even if we are able to hold the line on operation and maintenance costs, and that doesn't seem possible now, we would still have to steal from our B.I.A. formula money again. As the supplemental funds dwindle, we will be forced to cut deeper into our instructional program.

This instructional program is funded under Public Law 93-638 and its amendments which guarantee that these basic educational monies will be on par with the per student cost for state or county public schools. This equitable treatment took place only once in our school's history.

Although state and county public schools are getting federal cuts too, the state of South Dakota has increased its commitments and is able also to obtain block grants in education, to make up for those cuts. Our kind of tribally controlled and chartered schools have no place to go but to you, because we are located on a reservation which is only beginning to think about economic development that could help share in the financial support of education.

Recent surveys done by the B.I.A. and other consulting engineers have stated that our two major buildings, erected in 1916, have a zero life expectancy. They have also stated that it will take $1 million to make these buildings energy efficient. We are number 13 on the B.I.A.'s priority construction list, but we still have 450 tribal members to educate.

The bottom line is that we are asking for fair treatment as promised in Public Law 95-561 for operation and maintenance and we do not want to steal the adequately funded basic educational budget promised in Public Law 93-638. We are requesting $200,000 more for Fiscal Year 1982 and $400,000 total for FY 1983 to meet our operation and maintenance costs for our school.

Thank you for the opportunity to hear us out.

Ms. Richardson. Is there anyone else who wishes to testify?

Do you have a written statement?

Mr. Cournoyer. We were scheduled to testify at 5:05. We are bringing in written testimony.

STATEMENT OF LARRY COURNOYER, CHAIRMAN, YANKTON SIOUX TRIBE ACCOMPANIED BY STEVE COURNOYER, TRIBAL COUNCILMAN

Mr. Cournoyer. I thank you for the opportunity to testify on behalf of the Yankton Sioux Tribe.

I am Larry Cournoyer. I am chairman of the Yankton Sioux Tribe.

Accompanying me today is Mr. Steve Cournoyer, tribal councilman.

We have three or four specific items that relate to the budget that we would like to testify on.

No. 1, the community health representative program. We are asking that funding be restored in the 1983 budget for the community health representative program. It is an important program. It provides direct service to our people out there. And we would like to keep that in the budget.

On Johnson-O'Malley funding, we have got a contract school on the Yankton Sioux Reservation, and the JOM funding is not going to provide contract schools with JOM moneys. They are going to provide public schools with JOM moneys. We do not think that this is a fair way of handling these JOM funds, because—like on our reservation, we have some of our students attending the public schools and some attending the Indian school. In some cases we may have a couple of kids from one family, one of them receiving benefit from JOM, and those that are attending the contract schools would not be eligible for those benefits. And yet, the need is the same in terms of financial need.

So, I do not see how that decision was made. And we would like to see that funding kept alive for those contract schools.

The Yankton Sioux Tribe has done a feasibility study on the irrigation of our tribal and member-owner lands. And it entails some 880 acres of that land. It is two specific sites. Just for the hardware, to get the system going, in the 1983 budget, we are asking for $400,000; $364,000 would provide for the systems, irrigation systems, and then that would provide about 10 percent for design or architectural design of that project.

Under irrigation systems in the budget, there is no specific line item for Yankton Sioux. However, we have checked, and it is our understanding that one of the projects received $5.2 million over the last years. And the bids came in for that project for completion of it, and they are like $500,000 less. We are asking that we be considered for those funds that are available over and above that, so we are not asking for more deficit spending.

There are a couple of other things in terms of health. We are rated, supposedly, in terms of construction moneys, No. 1 in line, after a couple of hospitals that are already doing their design and feasibility. We are in line for design and feasibility funds for Indian Health Service and——

Ms. RICHARDSON. What is the name of the facility?

Mr. COURNOYER. It is the Wagner Service Unit, and it would be a replacement facility for one that is already existing there.

Two years ago or 3 years ago, we had a feasibility study done on this facility. It showed that a new facility was needed. Well, somewhere along the line we got lost in the system. But anyway, that study now has to be upgraded. And they told us to ask for design and feasibility money in this year's budget. So, that is what we are doing.

Ms. RICHARDSON. That's the problem, you cannot get the design money until you have a place in the priority list. If the Indian Health Service told you that, that was bad information.

We have five hospitals that are in the design and construction stage now. Then Anchorage is first on the list. I do not know where it goes from there. We are already talking about a couple hundred million dollars for those.

Mr. COURNOYER. In any event, that is what they told us.

On education, we need a formula for distribution of operation and maintenance funds that go to the contract schools. The problem with those funds is that they are not distributed on a formula that takes into consideration the condition of the facilities. In the Indian school, the upkeep is greater. We need a formula established. It has been promised, but it has never been done.

The Yankton Sioux Tribe, outside of direct grants to the tribe, oppose any of our programs going through the State of South Dakota.

In the past year, we have had a dispute with the State of South Dakota over a contract. We had a military-type raid over that contract from the State of South Dakota. We had all of our contracts with the State, even though they were smaller—women's, infants', and children's program cut off, our water quality program was cut off. Last year our people on fuel assistance received $375 in the county, while others in the county, they got $490. So, there are problems with the way that the State administers the programs.

And again, we certainly oppose the turning over of 40 programs to the State to be administered by the State of Indian people.

With that, I will conclude my presentation.

I want to thank you for the time that you have taken to listen to us.

Ms. RICHARDSON. All right. Your written testimony will be placed in the record.

[The statement follows:]

STATEMENT OF LARRY COURNOYER

My testimony will border on problems the Yankton Sioux Tribe has with:

1) "The New Federalism"
2) '83 Budget and Federal Programs
3) Economic Development projects for the Yankton Sioux Reservation
    a) Natural Resource Development program
    b) Pickstown

The new federalism concept of transferring federal programs and dollars to the control of the States "will not work between the State of South Dakota and the Yankton Sioux Tribe"!

Why? First it has been approximately 6 months since the State of South Dakota " Militarily attacked: the Yankton Sioux Reservation with between fifty and one hundred and fifty "armed" state troopers; including the State of South Dakota's "Swat Team": over "alledged" contract viola - tions in our food and nutrition " Commodity Program".

The Governor ordered this military raid in violation of our Treaty Rights; which granted the Yankton Sioux Tribe and its people sovereighty on our homelands and a special " Trust Relationship" with the United States Government to protect our sovereign rights and to provide us with food- shelter- education- and Economic improvements. The Governor violated all contract agreements signed between the State and the Tribe in regard to resolve of contract disputes. The Governor violated the process set forth by the Congress in the federal register for the resolving of disputes. There was no justifiable reason for the"military raid" by the State of South Dakota against the Yankton Sioux Tribe. To date we have filed our complaints with the U.S. Attorney and the B.I.A. as our "Trust" agents, however, no legal action has been taken to even forbid this kind of " nonsense " in the future, the Governor has tried to justify his actions by chopping off our " Women-Infant and Childrens" program (WIC), our "208" Water Quality" program and has authorised the Indian fuel assistance recepients to receive a maximum of($ 375)three hundred and seventy dollars under the Yankton Sioux Tribe's program while Whites in Charles Mix County receive as high as($ 490) four hundred and ninty dollars. In addition the State of South Dakota has sued the Federal Government to quantify our water rights ! With all of these things in mind I hope you people can understand why we don't want our programs placed under the control of the State of South Dakota.

The Yankton Sioux Tribe feels the "83" budget has not funded programs that are essential to the delivery of services to Yankton Sioux Tribal members; those services being:

1) The Community Health Representative program has been completely eliminated from the fiscal '83 budget. We want this corrected by the Congress and the C.H.R. program restored to at least the '82 level of funding. If there are any cuts from the Indian Health Service budget those cuts must be made from the central and area office levels.

2)The B.IA. budget does not include funding for Johnson- O'Malley programs to B.I.A. "Contract Schools"; however, it does contain J,O,M, funding for Public Schools. The J.O.M. program serves Indian students directly. There is a need for J.OM. to be made available to Indian students attending "Contract schools". We urge you to amend your budget to include these monies for J.O.M.. Further, Title IV currently in the Department of Education should be moved from the Deprtment of Education to the B.I.A in their reorganization to realize the full benefit of these new field offices. Along these same lines the B.I.A. Education personnel should have the support staff to do the job right and without adding to the overall number of B.I.A. EMPLOYEES will feel that they can be released from some other areas and given to Education.

3)The Yankton Sioux Tribe, through a BI.A.contract has completed a study of 880 acres of Tribally owned lands to ascertain the feasibility of Irrigating these lands. The study shows the feasibility of these two seperate tracts, known as the Greenwood Unit and the Tower unit, as very feasible. The study estimates the fixed costs for the irrigation system will be a total of $ 364,000.00 The Yankton Sioux Tribe is asking for a specific line item request in the '83 budget of ($400,000) fourhundred thousand dollars. This would take care of the cost of the irrigation system for the Greenwood and Tower units and in addition provide for the architectural design fees. We understand the"'83 budget" contains a line item request to provide irrigation systems to another project that does not need the ($400,000) fourhundred thousand dollars because the the line item for the '82 and '83 budgets for that project exceeded the "bids" received to complete the project by at least that amount that we need; which once again is $ 400,000. We feel that this would be an excellent programs for economic development on the Yankton Sioux Reservation and we strongly urge an amendment to your budget that identify the Yankton Sioux Tribe for the additional dollars available under the B.I.A. line item titled "Irrigation Systems" This amendment would not increase the present projected deficit of the proposed "83" budget. We have accordingly filed our cost analysis/feasibility study with the House and Senate Committees which have requested such identification from Tribes in the Past: House Report 315; November 5, 1981.

OTHER TOPICS:

--Education: need a formula for distribution of O&M funds

--Construction monies must be considered; buildings are costing so much more each year to keep up after they are so old.

-- Health: the inflationary costs versus(vs.) Budget increases for contract cafe in' 82

-- feasibility and design monies for a new hospital should be included to update study in '83.

Projects that would not cost Congress anything but bring Great-benefit to the Yankton Sioux Reservation; ($ 9,450,000.00) Nine million, four hundred and fifty thousand dollars.

Release of town of Pickstown--------	$ 7,000,000
Release of E.D.A. Public Works-----	$ 700,000
Release of H.U.D. "frozen" funds--	$ 1,500,000 (30 units&)
Release of B.I.A. Credit funds-----	$ 250,000

Given that the immediate release of Pickstown could take some time there are almost two and a half million dollars allocated, authorized and frozen that should be released immediately to the Yankton Sioux Tribe...

BLOCK GRANTS OR THE NEW FEDERALISM:

The concept of turning over the operation of over 40 types of human services to the States must be examined in light of what has happens pened in this process so far as well as the experiences the Tribe has had had thus far with the State in operating grants or contracts with them. To begin with we have read that you have been told that there has been no loss of services to date; well let me assure you that unfortunately that is not the case. What we have seen is that the State will reduce those services which it finds less efficient, more expensive, and thus they reason less worthy. But what is forgotten is that the neediest people do not fit into their molds, they do not live close to the office they do not make their problems but they are often times costly to treat, to work out or even to resolve. They are cut off without services and the reason seems okay at first glance.

Some recent Block Grants that have been ahnounced have resulted in the following :
1) under the Low-income fuel assistance project, Indians living in the county are receiving less per household than non-Indians and still we will run out of money; the allocations did not take into account the vast increase in eligible households resulting from CETA cut-backs and forced lay-offs from other human services. 2) under community services block grant we are to get $3,130 according to the Regional office, $ 4,772 from the State office but neither will tell us when despite our applications being submitted and all requests for reports etc..being turned back in . Prior to the Block grant we did not receive funds directly for outreach or community organization, but we did receive such services from a local office which has since stopped serving us. 3) under the alcohol/drug block grant the state claims it has no further need to fund Tribes since one Tribe receives funds; actually the Tribe receives funds because it was "grandfathered"intondirect funding and its funding has nothing to do with the States allocation and therefore Tribes are still eligible for monies from them.

IRRIGATION AND FARM/RANCH EFFORTS **BUDGET AND DATA**

Irrigation	Bureau of Indian Affairs	Economic Dev. Administration	TOTAL
Irrigation Equipment system and land dev.	363,000	124,000	487,000
Engineering/analysis	36,300	6,150	42,450
Grain drying & storage		97,000	97,000
Equipment storage		43,000	43,000
Fencing and repairs		58,400	58,400
Tillage and Planting equipment		165,000	165,000
Hay handling equipment		49,000	49,000
Harvesting equipment		156,000 *	156,000
	$ 399,300	699,266*	1,098,566

** the cost analysis is of course the basis for all of this; we would be able to irrigate 880 acres with BIA funding; we would be able to irrigate 390 acres with EDA funding . Without EDA funding we would need to seek these funds from BIA or elsewhere to have the equipment needed to farm our irrigated lands. Without BIA funding we would need to seek either modifications in our EDA proposal or re-do portions of the feasibility cost analysis as we based it upon receipt of certain funding from BIA according to their ten year plan and fourteen criteria.

* * figures are rounded; grant amount has been set.

***

~~Per acre net returns over variable costs for irrigated crops:~~

crop/$/acre	TOWER: center pivot;	big gun	GREENWOOD: flood
alafalfa hay	312,00	231.72	275.18
winter wheat	194.32	169.08	129.45
barley	59.60	34.43	-3.68
corn	169.60	132.67	99.80
soybeans	175.73	133.92	134.18

*** selection of type of irrigation method based upon soils, topography and other criteria leading to best choice of all options.

IRRIGATION AND FARM/RANCH EFFORTS:

We have completed our feasibility, cost analysis and land analysis studies in regards to our potential development of irrigated farm lands. This study highlights that irrigation of selected sites will bear investment returns of 19% after all expenses, this return in addition to the capital assets appreciation of the land.

We would irrigate our landholdings in the "Pick-Sloan" authorized projects identified in the Flood Central Act of 1944 in the "Greenwood" and"Tower"units. We would produce primarily alfalfa and corn for use in our cattle production as well as a cash crop for operations and expansion.

Such efforts could be undertaken with release of some $ 400,000 in funds in the Bureau of Indian Affairs budget at this time not currently to be utilized by projects underway. Further Economic Development Administration has our proposal set for release consisting of Some $ 700,000 in monies already appropriated and authorized for public works,ie, irrigation equipment, farm machinery, grain storage and equipment storage as well as repair and improvement monies for fencing and the like.

To assist us in the feasibility and analysis we have available a report from Kaman Sciences which reviews all aspects of soil, water, crops, operation and layout. This report can be addressed for specifics as we would like to submit it and incorporate it as part of our testimony. This report suggests that expansion of such beginning efforts would be in line with our job development and economic stabilization efforts as described elsewhere.

We would irrigate by "big-gun on some of the land, we would use center pivots on some of the land and we would use flood irrigation on other portions of our land all in keeping with suitability of the land and ability to expand in the future as funds and return on investment allows us to, we will also be investigating the potential for sell of water to surrounding farmers not included in this project.

As we now understand it we should not be excluded from reduced electrical rates offered to authorized irrigation projects authorized under the Flood Control Act of 1944 and authorized under the provisions of the Pick-Sloan plan as these sites are designated in both. We would of course appreciate any inclusion in pending legislation which would address us specifically in such attempts to secure preference status and or reduced rates.for irrigation, industrial and other uses.

PICKSTOWN: Release to Tribe and use as Enterprise zone

The site of federal housing for Corps of Engineer employees is called Pickstown; it has long been studied as potential excess federal property and potential exists for its release to the Yanktoh Sioux Tribe for use of its housing, streets, warehouses, water, sewer and treatment facilities along with various equipment and furnishings in the development of a enterprise zone to attract and establish a variety of small industries, distribution companies and sub-assembly plants. The feasibility studies that have been done have never been released to us and we fear that unless we act efforts will be made to keep us, the Tribe, from acquiring the above in the normal manner of excessing federal properties and equipment. We urge the release of this study to us and any and all efforts that can be made that could gain this property for our use.

There are currently 25 permanent-type single family homes, fifteen duplexes, 4-5,000 square feet of usable office space and 20,000 plus square feet of storage or warehouse space. There are four miles' of paved roadways with water and sewer lines and facilities that once met the needs of almost two thousand people and could once again meet the needs of several hundred employees, dependents and other personnel. There are enough acres of land for new construction in addition to the above.

The incentives to locate here would be the recreational and hunting of the area, the availability of low labor costs, open-shop laws, lack of income taxes in South Dakota, and favorable usuary rates that have prompted Citi-corp and other banks to locate or attempt to locate in South Dakota; these advantages coupled with the incentives of locating in or on a Reservation with its training dollars , potential for preferred utility rates would be an extremely attractive and cost effective move for some businesses and industries to make.

SUBCOMMITTEE RECESS

Ms. RICHARDSON. The subcommittee will stand in recess until Tuesday morning at 9 a.m., at which time we will hear from the Secretary of Energy, the Secretary of the Interior, the Office of the Solicitor, and the Office of the Secretary.

[Whereupon, at 5:25 p.m., Thursday, February 25, the subcommittee was recessed, to reconvene at 9 a.m., Tuesday, March 2.]

Material Submitted Subsequent to the Hearing

[The following material was submitted subsequent to the hearing and will be included in the record at this point.]

LETTER FROM GEORGE JIM, PRESIDENT, BORREGO PASS SCHOOL BOARD

March 18, 1982

Interior and Related Agencies
1208 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Ms. Richardson:

Attached are comments and questions sent Senator Schmitt on the BIA Budget Request for FY'83. Again this year we are concerned that BIA's administrative superstructure may remain untouched while BIA continues to downgrade Education, and frustrate Indian attempts to control it.

Your support in managing the appropriation process to facilitate Indian control of Indian schools is needed, and appreciated, still.

Sincerely,

George Jim, President
BORREGO PASS SCHOOL BOARD

REAGAN ADMINISTRATION INDIAN PROGRAM PRIORITIES

By comparing the FY 81 actual budget figures with the FY 83 BIA request figures (see attached historical reference sheet), certain patterns of program priority in funding become evident. Taking these up in rank order, by the amount of net gain over two years:

1. Facility Management shows a net increase of 10.5%.

   This program affects most of the others directly, as a support service. It's overall gain seems reasonably proportionate to increased fuel and other plant operations costs.

2. Trust Responsibilities shows a net increase of 8.7%.

   This program shows a steady gain every year (see attached 5 year growth pattern). It is difficult to see what factors impact it so consistently, that do not impact all other BIA programs. Yet it appears sacrosanct , both in funding, and in BIA's rhetoric. Why?

3. Indian Services shows a net increase of 7.9%.

   Except for the Navajo-Hopi settlement sub-activity, which appears headed for a phase-out, the growth in this program is consistent over 5 years. Various sub-activities, however, have been treated very erratically over the past two years, with heavy cuts or increases last year, and comparably heavy increases, or cuts, in this year's request. It is the BIA program most subject to "political patronage" use by BIA in dealing with Tribal leaders, and provides BIA bureaucrats with great influence, as a result. Despite the rhetoric about developing Tribal self-determination capacities with its resources, it is actually a major source of BIA manipulation of Indian Affairs.

4. Natural Resources shows a net increase of 1.7%.

   Relative increases & decreases in sub-activities here are also erratic. Similar comment might be made to that made on Indian Services.

5. Education Programs shows a net decrease of 4.1%

   No real explanation can be made for this, other than that Education seems to be a low Reagan Administration priority, or perhaps that BIA assumes that Indian Educators will defend this budget themselves, so BIA can promote others safely.

However, it is also true that of all BIA's budgets, this one is least subject to "political patronage" use by BIA officials, since it is approximately 80% formularized. There is little power in it for Bureaucrats, except as they are successful in frustrating the Indian control provisions governing its use under P.L. 95-561. (Which they frequently attempt.)

It is hard not to suspect that this is one of the reasons why BIA seems so ready to make an orphan of Education.

6. Economic Development, as a whole, shows a net decrease of 9.3%

This figure is misleading. Almost all of it is due to the discontinuation in FY 82 of BIA's disastrous Indian Action Team program. The balance of its Economic Development programs appear to be priority concerns, with Business enterprises at the top, as one of BIA's management initiatives for the year.

7. Until the application of the General Overhead Reduction figure is known, it is impossible to assess the growth or reduction of the General Administration activity. If BIA's officials apply the Reduction pro-rata to the whole program (as with other "General" reductions in the past), General Administration is the fastest growing activity in BIA's budget. If they apply it directly to General Administration, it could show a badly needed reduction. This all depends upon the degree of correspondence between the term "Overhead" and the term "Administration" in BIA's hidden agenda.

In direct relationship to this question, BIA's "realignment" proposals have been presented with heavy Secretarial rhetoric about "streamlining", and reducing "administrative overhead costs" through "more efficient management". However, it is worthy of note that the "realigned" offices, at least for Education, fully formalize BIA's refusal to establish direct line authority for Education as projected in P.L. 95-561, and re-establish at least 6 levels of remove between the local school and top policy makers, instead of the 4 projected by 561. (See attached "Effect of BIA Realignment" chart). It is difficult to see how this is any of the things BIA is claiming for it. Instead, it appears to be a plan by the "Old Guard" to entrench itself against change, by centralizing 15 Area Offices into 6 Regional ones, each more distant from the program, and less sensitive than the old Area Offices were!

BIA FY 83 BUDGET JUSTIFICATION - HISTORICAL REFERENCE SHEET: CHANGE UNDER REAGAN ADMIN.

ACTIVITY/SUB-ACTIVITY	FY 81 ACTUAL	FY 82 APPROPTN'	1 YEAR ± %	FY 83 ESTIMATE	1 YEAR ± %	2 YEAR ± %
Education Programs						
School Operations	189,454	176,106	- 7.0	179,841	+ 2.1	- 5.1*
Johnson O'Mally	29,469	25,954	-11.9	25,954	- 0.0	-11.9
Continuing Education	51,260	52,446	+ 2.3	50,877	- 3.0	- .7
SUBTOTAL	270,183	254,506	- 5.8	256,672	+ .8	- 4.1
Indian Services						
Tribal Gov't Services	22,067	23,789	+ 7.8	26,339	+10.7	+19,4
Social Services	93,951	90,351	- 3.8	98,664	+ 9.2	+ 5.0
Law Enforcement	30,824	32,515	+ 5.5	36,o14	+10.8	+16.8
Housing	22,693	29,810	+31.4	23,289	-21.9	+ 2.6
Self-Determination Svcs	52,203	49,222	- 5.7	56,882	+15.6	+ 9.0
Navajo-Hopi Settlement	5,498	4,178	-24.0	3,899	- 6.7	-29.0
SUBTOTAL	227,236	229,865	+ 1.2	245,114	+ 6.6	+ 7.9
Economic Development						
Employment Development	45,436	27,120	-40.3	28,410	+ 4.7	-37.5
Business Development	8,456	8,136	- 3.8	16,046	+97.2	+89.7
Road Maintenance	19,485	17,628	- 9.5	22,117	+25.5	+13.5
SUBTOTAL	73,377	52,884	-27.9	66,573	+25.9	- 9.3
Natural Resource Dvlpmt						
Forestry & Agriclture	72,307	64,165	-11.3	70,989	+10.6	- 1.8
Minis, Mng, Irrg, Pwr.	13,405	13,578	+ 1.3	16,214	+19.4	+20.9
SUBTOTAL	85,712	77,743	- 9.3	87,203	+12.2	+ 1.8
Trust Responsibilities						
Indian Rights Protect'n	17,579	18,469	+ 5.1	18,248	- 1.2	+ 3.8
R'l Est'/Financ'l Tr'st	25,862	27,350	+ 5.8	28,957	+ 5.9	+12.0
SUBTOTAL	43,441	45,866	+ 5.6	47,205	+ 2.9	+ 8.7
Facilities Management	84,509	83,380	- 1.3	93,381	+12.0	+10.5
General Administration						
Management & Adminstrtn	50,248	49,465	- 1.6	56,239	+13.7	+11.9
Employee Comp. Pymts.	3,434	4,161	+21.1	4,582	+10.1	+33.3
Program Management	N/A	4,350	N/A	7,822	+79.8	N/A
SUBTOTAL	53,682	57,976	N/A	69,102	+19.2@	N/A

NOTES:

* Calculated without taking into account the transfer of Program Management funds to General Administration. If this is taken into account, the 2 year percentage change from FY 81, in terms of funds available for program operation, is - 3.8%.

@ Calculated without taking into account the projected $16 Million General Overhead Reduction, since it cannot be assumed that all of this Reduction will be made in the General Administration Activity. If it should be, then this gain of 19.2% becomes a net reduction of approximately 8.4%. On the other hand, if the General Overhead Reduction applies also to other Overhead accounts, such as the Contract Support Fund under Self-Determination Services, or the Program Management functions of Indian Services, Economic Development et. al, then the actual proportionate change in the budget is being concealed.

A FIVE YEAR GROWTH PATTERN - BIA PROGRAMS & ADMINISTRATIVE SERVICES

ACTIVITY	FUNDING (Dollars in thousands)					
	FY 79 (a) (actual)	FY 80 (b) (actual)	FY 81 (c) (actual)	FY 82 (d) (approp)	FY 83 (e) (Estim.)	Percentage Growth
General Administration & Program Support	40,138	52,659	53,682	57,976	53,102	32.3% *
%age of total program for year	5.8%	6.9%	6.4%	7.2%	6.2%	
Education	232,078	262,658	270,183	254,506	256,506	10.6%
%age of total program for year	33.6%	34.4%	32.2%	28.6%	30.2%	
Indian Services	178,388	189,509	227,236	229,865	245,114	37.4%
%age of total program for year	25.8%	24.8%	27.1%	28.7%	28.9%	
Economic Development	73,207	73,142	73,377	52,884	66,573	- 9.0%
%age of total program for year	10.6%	9.5%	8.8%	6.6%	7.8%	
Natural Resources Development	60,192	70,187	85,712	77,743	87,203	44.9%
%age of total program for year	8.7%	9.2%	10.2%	9.7%	10.3%	
Trust Responsibilities	36,826	38,943	43,441	45,866	47,205	28.2%
%age of total program for year	5.3%	5.1%	5.2%	5.7%	5.6%	
Facility Management	69,979	76,265	84,509	83,380	93,381	33.4%
%age of total program for year	10.1%	9.9%	10.1%	10.4%	11.0%	
TOTAL PROGRAM FOR YEAR (Not including reimburseable programs)	690,808	763,363	838,140	802,220	849,250	22.9%

SOURCES: a. FY 81 Budget Justification b./c. FY 82 Budget Justification d./e. FY 83 Budget Justification.

COMBINATIONS				
Facil Mgmt Trust Nat'l Resc.	166,997	(Permanent bureaucratic functions caring for property.)	227,789	36.4%
Eductn Ind. Svcs Econ Devl	525,309	(Direct Services to Indian people and tribes.)	568,359	8.2%
Overhead	40,138	(The bureaucratic core)	53,102	32.3%*

*NOTE: About 6.1% of net increase is due to transfer of Program Management Funds from other categories. However, note that Program Management as a separate item shows a 99% increase from FY 82 (before transfer) to FY 83 (after transfer). All of this is in the FY 83 Base figure.

EFFECT OF BIA "REALIGNMENT" on structure of Bureau

LEVEL OF REMOVE FROM PROGRAM	BEFORE PASSAGE OF P.L. 95-561	AS PROJECTED IN P.L. 95-561		AS BIA HAS INTERPRETED 95-561 SINCE	AS FINALIZED IN "REALIGNMENT" AFTER 3 YEARS
6	Secy of Interor			Secy of Interor	Secy of Interior
5	Asst Secy for Indian Affairs			Asst Secy for Indian Affairs	Asst Secy for Indian Affairs
4	Commissioner of Ind. Affrs	Secy of Interior		Deputy Asst. Secy for Indian Affairs	Deputy Asst. Secy for Ind. Affairs
3	Director, Offc of Ind. Edctn Programs	Asst Secy for Indian Affairs		Director, Offc of Ind. Eductn Programs	Director, Offc of Ind Education Programs
2	Area Education Programs Admn.	Director, Office of Ind. Education Programs		Asst Directors Office of Ind. Edctn Programs	Regional Assistant Directors of OIEP
1	Agency Supt. fr Education	Agency Supt fr Education	Area Education Programs Admn.	Agency/Area Education Prog. Admn.	Agency/Area Education Prog. Admin.
0	Local School Administrator	Local School Administrator	Non-Reservation School Programs Administrator	Local School Administrators	Local School Administrators

It appears from the above that "realignment" simply institutionalizes BIA's stubborn refusal to accept the organizational simplification legally mandated in P.L. 95-561. It serves only the desire of BIA's "old guard" at the top of the system to be insulated from the field.

GENERAL OVERHEAD REDUCTION

The FY 83 Budget Estimate includes a "General Overhead Reduction" of $16 Million, as a separate item from any of BIA's Administrative Activities or Sub-Activities. Why is it separate?

1. Is there any reason why the Congress should not simply reduce the total appropriation for General Administration by $16 Million from the Estimated level, instead?

   a. Or are there other "Overhead" budgets, still incorporated in the various BIA program Activities, which will be impacted by this General...Reduction instead? If so, where, and how much will they be impacted?

      . Is the Contract Support Fund one such area of impact?

      . Facility operation and maintenance is classified as an "overhead" cost under many cost classification systems. Is it such an area of impact?

      . Under direct orders from the Senate, the Program Management line item for the Education Programs Activity has been transferred from that Activity to General Administration. This transfer is reflected in the "crosswalk" document on p. BIA 9. However, this document does not show any other comparable transfers of "Program Management" funds from the other program Activities of the Bureau. Will any of these Program Management functions be impacted?

      If not, why not? Why should Education Program Management be subject to a General...Reduction, and the Program Management budgets of BIA's other program Activities be exempt?

      If so, by how much? And how much will the General Administration Activity bear of this Reduction?

2. If the Reduction does apply entirely to General Administration, and not to other budget Activities, what is the purpose of having increased this Activity by almost 20% (net increase $11.1 Million) prior to the Reduction?

   a. In particular, According to the Crosswalk chart, p. BIA 9, the Program Management line item has been made up by combining $2.451 Million from School Operations with $1.126 Million from former Program Support Services line item and $4.245 Million from the Management & Administration line item (both already a part of the General Administration Activity). However, the FY 83 "Base Budget" for this line item is almost exactly double the amount shown in the FY 82 appropriation for the same functions. What is the justification for this radical increase in the Base, and why is it so different from the Base Budget increases for all other line items in the Justification?

      . How much of the increase is attributable to OIEP functions, and how much to functions already under M&A in FY 82?

PLANNED RIF COSTS

The FY 83 Budget Estimate shows a net reduction of 5.2%, or 786 full time employee positions under BIA, from the FTE figures in the FY 82 appropriation to date. Of this number, 318 position are shown as reductions in force in the Education Program Activity, and another 372 as a "General Overhead Reduction". Assuming that this Reduction refers to the work force funded under the General Administration Activity, this would make a net reduction of 287 positions in that labor force, from the FY 82 appropriation level.

There are certain one-time-only costs of a reduction in force (RIF), such as severance pay, accumulated leave, moving costs, etc. Some of these may be avoided by reducing the force through attrition. However, some may not.

1. Has the cost of this RIF been estimated for each budget activity impacted, and is it incorporated in the budget now? If so, how much of each such activity is RIF cost, and how much is for program?

2. Under BIA RIF procedures, personnel whose positions are being terminated have the privilege of "bumping" other personnel with less seniority, or fewer "preferences", who occupy positions for which the RIFfed persons qualify. This impact is restricted by the delineation of a "RIF area", within which the "bumping" can take place.

   If the "RIF area" for the "General Overhead Reduction" RIF is restricted to the General Administration Activity, its budget impact will be restricted to that Activity also. However, if the "RIF area" includes positions under any of BIA's program Activities, the ultimate persons "bumped" from employment, for whom the one-time-only costs must be paid, may be "bumped" from the program Activity instead, and that Activity may bear the related costs.

   What will the RIF areas be for the various reductions planned? If the General Overhead Reduction RIF is not limited to the General Administration Activity, what will its budget impact be on BIA's program Activities?

3. Can we assume that the General Overhead Reduction applies only to the General Administration Activity? Or is there other BIA "Overhead" which is still budgeted and staffed in its other program Activities?

4. If RIF costs have not been estimated by budget activity, does BIA have any average costs per position, for a RIF among its personnel?

5. If BIA plans to absorb part of the costs of this RIF by attrition, how many positions does it believe can be eliminated in this fashion, and how many will have to be RIFfed in the normal manner?

STATEMENT OF THE BURNS PAIUTE RESERVATION

The Burns Paiute Reservation consists of 770 acres located in southeastern Oregon. The Reservation's service population is 207 people. The Reservation is 130 miles east of Bend, 190 miles southeast of Warm Springs and 300 miles southeast of Portland.

The nearest Indian Health Service direct care facilities are at Warm Springs 190 miles and Umitilla 192 miles away. This results in the Tribe being totally dependant upon Contract Health and the Tribal Health Program.

The Contract Health Program is operated by the Burns Paiute Tribe under P.L. 93-638. Recent cutbacks reduced the funding levels and have forced Tribal Health staff to maximize our effort in delivery of health care. At the same time the county in which the Reservation is located (Harney) unemployment has reached record heights (43 %) which has resulted in even higher unemployment on the Reservation and greater demands for services.

One of the major components in the delivery of health care on this Reservation is the Community Health Repersenatives program. The CHR's are involved in transportation of Tribal members to medical providers who are in many cases located over 130 miles away. They make home visits and provide daily assistance to tribal members in numerous area's including nutritional information, hygiene care, monitoring medication and in some cases translating into English the medical problems and needs so that medical providers can treat the tribal members.

The Burns Paiute Tribe realizes and supports the need of the Congress to reduce spending. The Burns Paiute Tribe has frozen salaries and in some cases reduced staff in order to meet the reductions. However, the total destruction of the CHR program in the proposed 83 budget we feel is neither fair nor equitable. The absence of the CHR Program on this Reservation would totally eliminate some tribal member's acess to health care and create health problems that have only in recent years been conquered for example, the high infant death rate.

We ask you to reconsider the proposed action and allow the CHR Program to continue to be part of the health care delivery system of Indian People.

STATEMENT OF AUDREY ST. JOHN, ASSISTANT HEALTH DIRECTOR, ST. CROIX TRIBE OF WISCONSIN

Mr. Chairman and distinguished members of the Subcommittee: my name is Audrey St. John and I am employed as as Assistant Health Director for the St. Croix Chippewa Tribe in northwest Wisconsin. I wish to include this statement and the attached information for submission as part of the record of these proceedings before this body today.

I would like to express the appreciation of the St. Croix Tribal Council for allowing me to present this testimony on behalf of the Tribal Council and the Indian people of the St. Croix Chippewa Tribe.

The St. Croix Tribal Council requested my appearance here to address the matter of funding in regard to the U.S. Indian Health Service budget for fiscal year 1983. Like other federally-recognized tribes throughout our country, we are apprehensive of and oppose the reductions and termination in the amount of funds requested necessary to operate the Indian Health Service for 1983. The St. Croix Tribe is well aware of the intentions of the administration to cut federal spending to handle the economic problems of this nation. However, we feel that such action to the Indian Health Service budget will only hinder the health and welfare of the Indian people and future children of the St. Croix Chippewa Tribe. At this time I would like to address some of the areas of concern where we feel that it is imperative that the Indain Health Service make more of an effort to deal with the problems on the St. Croix Reservation.

COMMUNITY HEALTH REPRESENTATIVE PROGRAM

On the St. Croix Reservation, Indian people must rely soley on contract health care through Indian Health Service because no Indian Health Service direct care facility exists in our area. Due to geographic and economic problems our Indian families have much difficulty reaching the available health facilities that locate from 15 to 80 miles from the reservation communities. The end product is that the St. Croix CHR Program is the nucleus and catalyst for any type of outreach health services for our Indian people.

The St. Croix Reservation is of approximately, 1,500 Indian people, we only have six positions. But these positions have been crucial for our tribe in the past ten years. The CHR's have started and maintained preventive health clinics, home visits (i.e., patient care and motivation for home health care), taken water samples, transported families to clinics (families who do not have vehicles or licenses to drive), and have provided the basis of health care our Indian people did not receive before this program. The St. Croix Community Health Representatives have been our only ear to our eight tribal communities stretched out in a four county area. We are just beginning to see the results of better health.

In final comment on the CHR Program, the St. Croix Tribal Council has always suffered in just obtaining funds and positions. We are a small tribe amongst much larger populations of American Indian tribes. When such cuts occur we feel the damage resulting is of greater impact for us. It took a long ten years to obtain a final total of six positions from the U.S. Indian Health Service. It will be a heartbreak for our tribe to see it go in a matter of months.

HOUSING

Another area of major concern is the proposed elimination of the Indian Housing Program through the Department of Housing and Urban Development.

To date the St. Croix Reservation has an application list of 150 families or approximately 600 people for housing. Many of our people are living with relatives or other families, in one instance on the reservation there are three families 16 people; men, women, and children living in a one three bedroom single family dwelling. Not only doesn't this afford a degree of individual privacy, but it is taxing the water and sanitation systems to an early retirement with the result of unsanitary conditions or disease problems. This is the extreme situation. According to our community profile there is an overcrowding rate of 48.6% of all reservation dwellings. Many families are living in log homes constructed under WPA back in the thirties with no plumbing or sanitation with some having dirt floors.

It is imerative that a sucessful cost-contained public housing program be maintained on the reservation, or that viable alternatives be provided such as self-help housing or manafactured housing for the St. Croix Reservation.

SANITATION FACILITIES

A final area to be discussed that is directly related to the provision of safe, decent housing is the elimination of sanitation and water facilities for Fiscal Year 1983 through the U.S. Indian Health Service. This program has been instrumental in providing safe clean drinking water and sanitary disposal of sewage to residents on the St. Croix Reservation. Without this program existing homes, such as mentioned previously will be without water and sewer. It will also prevent ore negate the construction of new homes on the reservation. We realize that the entire nation is in financial peril, but we have no alternatives on the reservation. You may say well the people should all get jobs and be able to provide for themselves. We would like nothing better, but with a current unemployment rate of 80 plus percent and little or no private sector employment available on the reservation or the whole northwest portion of the state we would be forced to abandon our land, the graves of our families, friends and ancestors.

The key to all the ills of reservation living is employment generation with high borrowing rates and lack of skills it will be an impossible task to become self-determined. Now with the elimination of the Economic Development Administration, public works, tribal infrastructure, support and planning any choice at developing wiable self-sustaining industry will not come to pass for the St. Croix Tribe. We have just started within the last 10 years to get our selfs together. Your help through HUD, EDA, BIA, IHS, and such laws as the Indian Self-Determination and Education Act, will all be ended with the passage of the FY 1983 budget as it now stands. The current administration has through, statements from the Interior Secretary and the President stated that they'd "take care of us", well they certainly are doing that.

AREA OFFICE BUDGETS

The members of the Subcommittee have noticed the lack of any dollar amounts so far in this statement. One of the main reasons is the lack of budget data for this fiscal year from the Bemidji Program Office which serves our area. This has been a problem for the St. Croix Tribal Council for many years. We have no idea of the amount of participation or accurate information on exactly what kind of dollar amounts is actually available this fiscal year 1982. It has been very difficult for planning our health programs when budgets take so long from IHS to the Tribal level. It would also help in preparation of testimony before the Congress.

SUMMARY

In summation of this testimony, the St. Croix Tribal Council is supportive of the statements that will be make in testimony to your Subcommittee by the National Indian Health Board. We urge the Congress to resist the elimination of the Community Health Representative Program, as well as, our sanatation facilities. The St. Croix Tribe of Wisconsin needs these programs and will be severely hampered without them. We wish to thank the members of the Subcommittee for providing and supporting the efforts for good health care of the American Indian people on the St. Croix Reservation.

Statement of Dean Jackson, President, Navajo Community College

Mr. Chairman, in order to maintain a minimum level of service to the Navajo Nation, Navajo Community College will require funding in three areas at a minimum level for institutional survival:

1.	Operational Funds	$4,200,000
2.	Physical Plant Maintenance	1,750,000
3.	Capital Equipment	630,000

In compliance with 25 CFR Part 32b as published in the Federal Regulations, Volume 44, Number 226, on November 21, 1979, Navajo Community College has submitted its application for the Fiscal Year 1983 operating funds grant in the amount of $5,200,000.

Based on Public Law 95-471, as amended by Public Law 96-374, we are requesting monies for Physical Plant Maintenance in the minimal amount of $1,750,000 and Capital Equipment monies in the minimum amount of $630,000. This is specified in the Amended Act, Public Law 96-374, Part F, Section b(1).

The Navajo Community College Campus at Tsaile, Arizona completed construction of Phase I of a three phase construction program eight years ago. Phases 2 and 3 have not been implemented. Nor have monies been made available for plant maintenance. We are guilty of the same charge O.M.B.

levelled at the National Labs: No Maintenance. Why? No appropriation has been made in order to protect the multimillion dollar investment. In the near future, our Shiprock Campus will also require maintenance funds for the old Bureau of Indian Affiars Boarding School it is using in place of authorized new construction. The need for plant renovation has been identified in our needs assessment for physical facilities.

Our campus lies in a small valley at the foot of the Chuska Mountains at an altitude of 7,300 feet. Snow covered pines and pinon surround the campus. It is an awe inspiring sight: a six floor, octagon building rising from the forest, but seeming to be a natural part of it. However, building defects are soon apparent. Try to enter the ground floor doorway. Two supporting columns are sinking, which generate a list in doors and cracks in walls. Conditions will soon be unsafe. Ice formed in building cracks three weeks ago, then thawed. The resulting flood nearly cost the use of our computer, xerox machines, and print shop equipment--all nearly irreplaceable in the current budget condition. Our general classroom building roof leaks to the extent it is a challenge not to find a wet spot. Settling has frozen two sets of main entryway doors. The building itself will soon become two separate units--accelerated by a crack currently more than an inch in width and growing. The heating units in the Library and Culture Center no longer are automatic; extensive repairs are needed to the control system. The Student Services area has no heat. The list goes on...and on...and on.

Our equipment has not been systematically replaced or updated. Instructors in the Automotive technology program have excellent AV materials of engines and related parts--all from 1974 or earlier. The engine analyses machine used last year was surplus property from the State of Arizona. When it broke down last semester, program monies were used to rent a replacement for this semester. We can not afford the $21,000 plus price tag to purchase a replacement. Equipment in the office and career education areas, the welding shop, physical education, and audio visual departments are in much the same shape. A predictable and planned replacement program is needed for equipment.

Therefore, Mr. Chairman and Subcommittee Members, I would like to review the ways in which Native Community College will be affected if the requested funds are not appropriated:

1. A successful academic and vocational training institution will be forced to reduce services in a period when financial support for all education is reduced. The low income, minority student living in a geographically remote area will be especially affected.

2. With reduced or level funding, high cost-low enrollment programs will be cut, e.g., nursing, para-vet, para-legal, automotive, welding, office education, etc., ...all badly needed skills and professions on the Navajo.

3. Programs remaining will serve large numbers of students, but provide little utility, or provide immediate skills for students in other than

transfer programs. In effect, Navajo Community College would become a liberal arts college.

4. With no funds for equipment updating, the effectiveness of technical programs will be gutted -- quality will suffer to the point that many programs will become meaningless exercises for the enrolled students.

5. The physical plant will deteriorate to the point that even major reconstruction will not remedy the problems. Greatly increased costs will be the result in the long run, or the buildings will rapidly become totally unsafe for instructional purposes.

6. With steady reduced or steady funds, not only will programs be reduced, but the better trained faculty and staff will seek other employment, accreditation of the institution will be threatened, and all that has been gained over the past thirteen years will be lost.

7. The standards of good educational management, which we have followed according to the Inspector General's report for Navajo Community College, require a stable and reasonably predictable source of funds. It is impossible to manage an institutional budget with no knowledge of the funding level until the fiscal year has been half completed.

Therefore, I respectfully request you favorably consider our request for Fiscal Year 1983 funds at a level adequate to do the excellent job we have been doing in the past and can improve in the future. Please do not penalize a successful institution in a valuable program. Please do not reduce Navajo Community College to less than mediocrity by cutting our funding level to the point past which we can do nothing but be less than adequate. We have fought long and hard to obtain the status and standing in the academic community we now hold. Help us maintain that standing.

Thank you, Mr. Chairman, this concludes the written submission. The documents which are attached provide a graphic aid in understanding NCC's position.

STATEMENT OF THE UTE INDIAN TRIBE OF THE UNINTAH AND OURAY INDIAN RESERVATION

Mr. Chairman and Committee Members, we are strongly opposed to the already severe budget cuts for Fiscal Year 1982 and further cuts proposed for Fiscal Year 1983 because the health of our people is at stake. The cuts have already taken its toll on much needed health programs through cutbacks in service.

The budget cuts compromise the health of our people through the deterioration in the delivery of health services. To provide quality health care means to enhance and continue existing programs. On our reservation, we depend on both tribally administered and Indian Health Service programs for our health care needs. We have people who depend totally on Indian Health Service because they have no other resources.

The budget cuts for Indian health programs is a departure from the government's intent to improve the health status of the Indian people.

P.L. 93-638, the Indian Self-Determination and Education Assistance Act, and P.L. 94-437, the Indian Health Care Improvement Act mandates the government to provide a mechanism for tribes to reach a level of health status in parity with the general U.S. population and help tribes achieve the maximum participation of Indian people in health programs.

Our people have not yet reached a sound health status level. Chronic diseases still plague our people. For example, the diabetes rate for our people is four times that of the state of Utah. Diabetes related complications including renal failure and heart disease are common on our reservation. Intervention programs including both curative and preventive are crucial to the survival of our people. To further give you an idea of our health problems, the following are the top ten diagnosis seen at the U&O Indian Health Center last year; they are: infections of the general respiratory system; symptoms and undefined conditions; diseases of the ear; endocrine, nutritional and metabolic diseases, musculoskeletal system and connective tissue; diseases of skin and subcutaneous tissue; pregnancy, child birth and puerpenium; external causes of injury, accidents and poisoning; diseases of the circulatory system; and disease of the urinary tract.

The impact of the FY 1982 cuts on existing programs are ennumerated below:

I. TRIBAL ADMINSTERED PROGRAMS

1. Community Health Representative Program. A much needed health preventive program with 20% budget cutback means placing staff on a part-time basis. This program is proposed to be phased out in FY 1983. This program compliments the existing health program by providing outreach workers. To cut this program means cutting services to people who depend on the CHR's for transportation to the clinic, to get needed medicine and follow-up service.

2. Mental Health Program. The alloted 20% cutback means placing staff on non-paid furlough. This curtails the services to those who need counseling.

3. Alcohol and Drug Preventive Program. A 10% cut means cutbacks in counseling services for clients and their families. Alcoholism is still among the top health problems of the tribe.

4. Block Grants. The new Federalism approach to fund health programs through the Block Grant concept will put the tribe at a disadvantage since it is a well-known fact that the State of Utah has not been sensitive to the needs of the tribe. In the proposed federalism concept, the Utes will not be eligible for funding because only those tribes with existing state funded programs qualify for funding.

II. INDIAN HEATLH SERVICE

The impact of the cuts in diminishing the medical care for our people. Specific areas of concern are as follows:

1. Contract Health Care. Because the U&O Indian Health Center is an outpatient facility, we depend on contract health care funds for our hospitalization and inpatient care. This is one area where it is most crucial to have adequate funding. Contract Health Care dollars have always been inadequate to meet the medical needs of our people. The shortage of funds has forced us to receive only those services classified as emergency care meaning only those services defined as life or death situations. This means that our people who do not meet this criteria, i.e. elective surgeries and other essential medical care have had to postpone or cancel care because of the unavailability of funds. Specialty clinics have already been cut. The cost of treating the dialysis patients is met through the Contract Health Care funds.

2. Direct Care. The shortage of funds has even affected the direct care budget. the U&O Indian Health Center can no longer dispense basic pharmaceutical needs because there are no dollars to buy most needed drugs, supplies, and equipment. If the current trend continues, the possibility of the direct care services will be cut and closure of the clinic is upcoming. Our people cannot afford to lose this service.

3. Eligibility. There is a need for programs to establish new eligibility requirements to receive care under Indian Health Service. There simply are not enough funds to meet the needs of those currently eligible for services. With the proposal of new regulations allowing non-Indian spouses and non-Indian dependents to be eligible, and the passage of on or near regulations to allow those of Indian descent to receive services has put an economic drain on the service units. People who have little Indian blood are demanding services. There needs to be some criteria established to stretch the dollars we have to work with to provide even the basic of medical needs.

4. Staffing. Clinic staffing will have to be upgraded to be effective in the service delivery. The new Indian Health Clinic being construced in Fort Duchesne is slated for completion in September but will not have the necessary staff to fully operate the facility. Additional staff is being threatened by the budget cut.

5. Low Staff Morale. Prevailing working conditions, i.e. the threat of being placed on furlough, reduction in force, reduction in strength (an inhuman way of saving money) has left the I.H.S. staff in the lowest morale, which affects the quality of services delivered to our people.

6. Preventive Health Programs. Sanitation, public health nursing and health education programs are integral parts of our health care delivery system. Proposed budget cuts have not only curtailed the much needed community programs but have left them to operate at a bare minimal level. Staff has had to travel on their own vehicles to meet community needs because GSA vehicles have not been made available, making it unfounded to do this necessary activity.

We request your full review of the budget impact before making your decision. Please consider how it impacts the tribes.

Thank you.

STATEMENT OF JOSEPH K. LUMSDEN, TRIBAL CHAIRMAN, CHIPPEWA INDIANS

The Sault Ste. Marie Tribe of Chippewa Indians has been receiving funding through the Indian Health Service over the past five years. Specifically, we receive monies for three essential elements of a Comprehensive Health Care delivery system:

- Contract Health Care offers partial coverage of health care costs in the absence of third party resources or the ability to self-pay.
- Community Health Nursing provides two full-time RN positions which deliver medical services to home bound patients or persons otherwise confined for economic reasons and emphasize preventative healtn care education.
- Community Health Representatives are para-professional positions which follow the direction of the Community Health Nurses in delivering home health care and prevention services both on a screening basis and home visit basis.

The FY 1982 budget eliminated the planned growth of our program which would provide specialized training to the Community Health Representatives to further extend their current services. In addition, all of our staff have severely restricted travel, resulting in reduced contact with those members of our community who have the least access to needed medical services.

Indian Health Services has proposed elimination of the Community Health Representative Program for FY 1983. This move would have devastating effects on our membership which is presently enjoying their best health status ever. We have averaged over 300 home vi[illegible] per month resulting in personal contacts with over 400 ind[illegible] month. Services include review of health care plans in the four [illegible] of health care most severely effecting our tribal members: cardiovascular disease, diabetes, maternal and child health needs, and family immunization.

Elimination of this program would limit personal contact to that achieveable by the two nurses rather than the ten Community Health Representatives. I urge you to seriously consider the potential impact of such a decision on the health status of the 6,000 members of the Sault Ste. Marie Tribe and the other Indian people of our country and to strive to block the proposed elimination of this program.

The second issue I wish to address is the block grant method of allocation of federal dollars. I urge you to consider direct set-aside funding for Indian tribes as history attests to the inability of non-Indian agencies to adequately assess and deliver social services, substance abuse services and mental health services to Indian people. These programs, most of which are currently under PL 93-638, The Indian Self-Determination Act, maximize the use of available community resources while offering the supportive direct and/or liaison services of Indian service providers. In our experience, the complexities of Federal, State and local human service agencies is overwhelming to the individual Tribal member in need of assistance. We have been able to introduce our members to the needed services, offer assistance in the mileau of paperwork, and provide the cultural advice to non-Indian providers to maximize their effectiveness. Block grants to the State of Michigan would take us one giant step backwards in the human services to our members. The only way to assure maximum benefits to our Indian members is to allocate funds directly to the Tribes which have developed the skill and expertise in the delivery of these services.

STATEMENT OF LOIS M. FALLIS, EXECUTIVE DIRECTOR, SOUTH DAKOTA URBAN INDIAN HEALTH

South Dakota Urban Indian Health, Inc. (SDUIH) is a Title V health service agency serving Hughes, Stanley, Minnehaha, Brown, Yankton and Clay counties in South Dakota. We provide clinical out-patient and contractual direct health care to a service population of approximately 4,000 Indians in central and eastern South Dakota.

The FY 1983 zero budget recommendation for Title V will deal us a fatal blow. SDUIH's concern, however, is not for our employees or the agency itself, it is for the people we serve. Where will they go if we cease to exist? The so-called "safety net" does not exist. No service agency in our area will fill the gap which we will leave if funding is discontinued. Some of our clients may qualify for Title 19, Medicare or Medicaid but those programs, too, are experiencing cutbacks which will seriously impair or hinder service.

South Dakota Urban Indian Health is a service agency that works. We do make a difference in health care levels for urban Indians in our area. Our clientele does not have access to reservation health care either because of the vast distances involved or simply because IHS policy excludes them from service.

Our service costs were $51.86 per client for 1980 and that is continually decreasing as the client load increases. Of the $12,382 spent by SDUIH in January, 1982, $1,733.48 or only 14%, was spent on administrative expenses. The balance, or $10,648.52, went to clinical or contractual health care. Few agencies can match such a record. It would be truly cost ineffective to destroy an agency with such capabilities only to shift the burden elsewhere.

The problems which we address each day will not go away. They are extensive, deep-rooted health complaints which must be addressed by some agency. Urban Indian Health programs such as ours meet a need not adequately addressed elsewhere. In a recent Department of Health and Human Services Public Health Service publication entitled "Strategies for Promoting Health for Specific Populations" the strategy for American Indians on pp. 36 and 37 makes it very clear:

> In general, American Indians suffer from a greater prevalence of health problems than the population as a whole. . . . health promotion is important to further reduce morbidity/mortality in a population that is already ill . . . Indian health care services, in general, suffer from inadequate resources . . . Disease patterns among American Indians are shifting from communicable

> diseases for which there are more direct interventions, to diseases related to human behavior, for which measures of direct intervention are not as applicable. Health problems of special concern . . . include obesity, diabetes, hypertension, accidents, environments, hazards, . . . alcohol related illnesses, sexually transmitted diseases, and mental health.

The obvious question is, can we afford to abandon the urban Indian? Our experiences provide an emphatic no as an answer. Of the 987 people in our Hughes County service population we have medical records on 613, or 62%. Of those 613, approximately 430 are active clients. We see 150 to 200 clients per month in the Pierre clinic alone with client load numbers increasing each month. The last quarter of 1981 saw the following net new patients added to the client load:

October, 1981 - Net New Clients (New patients minus clients who have moved)

Pierre	16
Sioux Falls	8

November, 1981

Pierre	9
Sioux Falls	4

December, 1981

Pierre	9
Sioux Falls	7

Fully 80% of the patients we see or refer do not have the financial resources to pay for their care. Elimination of our program will force local health service facilities to turn health care patients away or absorb an ever-increaseing amount of bad debts. The latter is an unacceptable alternative. According to John Culberson, a para-legal with a Pierre, South Dakota, law firm handling many bankruptcies, 8 of 10 bankrupts are forced to file primarily because of huge outstanding medical debts. The patient and the institution then lose.

South Dakota Urban Indian Health, Inc. joins with our sister service agencies in imploring you to reverse the Title V zero budget recommendation. We are asking for $9 million for FY 1983. The FY 1982 award was $8.4 million. Our request does not represent an increase. It is maintenance of the status quo. We can prove a need for $31.5 million. As illustrated, the need exists in our area. SDUIH's FY 1982 budget is $142,600. Even that leaves a gap in services which we are trying to fill through other resources. However, the Title V base must be available to allow us to exist. If the budget is eliminated, SDUIH will be eliminated as will many like agencies.

Our program works. We are servicing a critical need. The so-called "safety net" has a large hole beneath us. Our clients will not escape serious injury should we be forced to "drop" them.

STATEMENT OF DEBBE DAVIS, PROJECT DIRECTOR, OJIBWA INDIAN SCHOOL

My name is Debbe Davis, I am an enrolled member of the Turtle Mountain Band of Chippewa Indians. I am presently employed as Project Director for the Ojibwa Indian School.

I would like to present written testimony for the Reauthorization of P.L. 92-318, the Indian Education Act of 1972. I request that the testimony, which follows, be accepted as a part of the official records presented during the Title IV hearings.

The Ojibwa Indian School is an elementary school for grades K-8. Our enrollment is 259 with an approximate waiting list of 40 students. Our Indian population is 94% of total enrollment. We are a B.I.A. contract school with additional funding received from Title I, J.O.M. (until the recent cut), Title IV Entitlement, Special Education, Title IV-A Non-LEA.

We are greatly concerned over the future funding of Title IV. We support your efforts and I offer my services to you in any way I can assist.

Part of our funding comes from Title IV programs. The entitlement program is designed for the employment of teacher aides. Our classroom size ranges from 25-31 students. Therefore, the aide helps with the individual teaching of the student's needs. The people employed are local people who possess an understanding of the students and their family life styles. This helps the parents feel more free about discussing concerns which may arise.

Also, a part of our school funding is received from Title IV-A Non-LEA. The program is designed to promote cultural awareness through a variety of programs and activities. The Non-LEA program consists of five components: Art, Cultural Studies, Music, Parent Program, and Student Activities program.

The highlights of each program are:

ART - The accomplishment as far as creativity and self-worth are measured by the Art work the students have done. During our funding period, they have participated in an Art Road Show, whereby they traveled to several Indian Schools throughout the state to display their art work. We are presently in the process of hosting an Art Show. The show will include Art displays from Indian students throughout the state. The response has been tremendous. There is no doubt that the Show will be a success.

CUTLURAL STUDIES - This program has definitely made an impact, not only on our students, parents, and community, but on other students and communities as well. They have been involved in extensive curriculum development, which has proven to be successful. SRA test scores have risen at least one grade level, and in a few grades,more since the use of their materials in the classroom.

They have been working with the Indian Club which consists of 58 students in grades 5 - 8. The Indian Club sponsors an annual Pow Wow, which has been quite successful. They are also invited to perform at areas throughout the state (ie. Governor's Office, other school systems, church groups). Through the invitations and performances, they gain a feeling of self-worth and pride.

MUSIC - (Band) - Prior to our funding period, our students did not participate in a Band program. Now because of the Indian Education

Act, 99 students are members in our band. They also have been doing outside performances at other schools, along with local performances.

MUSIC - (General) - This department has put great effort in teaching students about Indian Music from the different tribes. At least once per year, a drum group is called upon to perform. There is also a concert sponsored, which includes local artists.

PARENT PROGRAM - Since the implementation of the parent program, our parent attendance rate at Parent-Teacher Conventions has risen each session. The last percentage rate was 99%. Also, as a part of the program, we contract volunteers to work in the school system. This includes parents and grandparents. An important factor of the program is that the volunteers have a choice of where they would like to extend their services. It may be in the classroom, but it could also be in special areas, such as cultural studies, music department or kitchen area. The main reason for the program is to get involvement and wherever they feel comfortable is the best for them. Parents are kept well-informed of all activities and events on a day-to-day basis and also through a monthly newsletter.

STUDENT ACTIVITIES - The main objective of this program is to promote involvement for all students. This is done through a variety of activities - sports, movies, lyceums, class trips (educational and recreational) and also through club groups for the students. Available to the students is the use of a recreation room where the students can come in and participate in pool, foosball, table tennis, cards and other games. These items may not be available to students, if not through the recreation room. Through such an assortment of activities, all students are able to become involved. They also learn self-worth, respect, the proper use of leisure time, sportsmanship, and they are on a social level of development with both peers and adults.

The accomplishments stated are but a few made possible through funding by the Indian Education Act of 1972. Should this program be cut or eliminated, these services would not be available to the students. Our children would eventually become bored with school once again. The flavor given to them through a program such as ours can not be substituted. The test scores prove that the students are learning and what's even better is that they like what they're learning. For the sake of our children, I implore that the Indian Education Act be approved for Reauthorization.

LETTER FROM ETHEL STATON, CHAIRMAN, SHEE ATIKA, INC.

March 18, 1982

Re: Alaska National Interest Lands Conservation Act of 1980 -- Reimbursement of Native Corporation Lands Selection Expenses

Dear Chairman McClure:

I am chairman of the Board of Shee Atika, Inc., an Alaska Native Corporation that was formed for the Natives of Sitka, Alaska, pursuant to the Alaska Native Claims Settlement Act, Pub. L. No. 92-203 ("Settlement Act"). This letter is provided in connection with the Subcommittee's February 25, 1982 hearings on appropriations affecting

Native Americans. We respectfully request that this letter be made part of the official record of those proceedings.

The Settlement Act conferred upon Shee Atika and Goldbelt, the Corporation formed for the benefit of the Natives of Juneau, the right to select a certain amount of land acreage in Southeast Alaska. Substantial controversy followed selections of certain lands located on Admiralty Island, Alaska, by those two Corporations. The Alaska National Interest Lands Conservation Act ("ANILCA") sought to resolve that controversy by, among other things, awarding Shee Atika certain lands located on Admiralty Island, and by confirming an agreement already made by Goldbelt with respect to its land entitlement under the Settlement Act.

In enacting ANILCA, Congress also recognized that Shee Atika, Goldbelt, and Kootznoowoo, the Native Corporation for the Natives of Angoon, had been subjected to unanticipated and burdensome costs in securing their land entitlements under the Settlement Act. That recognition is reflected in Section 506(d) of that legislation which provides that

> the Secretary of the Interior shall reimburse those corporations for such reasonable and necessary land selection costs, including all costs for negotiating land exchanges, court costs and reasonable attorney's and consultant's fees, incurred prior to the date of conveyance of land to such Native Corporations. Authorization for payment of such land selection costs shall begin in fiscal year 1981, but shall include earlier costs. There is authorized to be appropriated an amount not to exceed $2,000,000 for the purposes of this subsection.

Despite explicit language giving Shee Atika land on Admiralty Island, ANILCA did not put an end to all of the controversy surrounding Shee Atika's land selections. Various groups opposed the interim conveyance of its Admiralty Island lands made under the auspices of ANILCA at the administrative level, thereby forcing Shee Atika to incur substantial costs right up to the time it received title to its land in December 1981.

Both claimed and audited costs of the three corporations are expected to exceed by a substantial amount the $2 million maximum authorized reimbursement contemplated by Section 506(d). In FY 1982, Congress appropriated $500,000 to provide for initial payment of land selection costs under Section 506(d) once those costs had been definitively determined by the Department of the Interior. The Office of the Inspector General within the Department has completed its audit of the claimed costs. Subject to review within that office, these audited costs will be submitted to the Secretary of the Interior for his determination that they are indeed reimbursable.

Shee Atika was not permitted to share generally in the monetary benefits accorded under the Settlement Act. Despite that fact, circumstances have forced upon Shee Atika land selection costs in excess of $800,000. Shee Atika has managed to remain in existence only as a result of a line of credit extended by its regional corporation, Sealaska. The maintenance of that line of credit has itself been very costly. Moreover, it was not until December 1981 -- ten years after the passage of the Settlement Act -- that Shee Atika finally received title to its lands on Admiralty Island. It is therefore most urgent that an appropriation be secured to reimburse Shee Atika for its land selection costs at the earliest possible moment. Any delay in that regard will work a further considerable hardship on Shee Atika and its shareholders.

Accordingly, the remaining $1.5 million permissible under Section 506(d) of ANILCA should be appropriated in FY 1983. Only in that way will it be possible for the Native Corporations to receive immediate reimbursement of the costs they have incurred in connection with the land selection process contemplated by the Settlement Act, once official determination of those costs has been made.

On behalf of all of Shee Atika's shareholders, therefore, I respectfully request that you advocate the appropriation of the remaining $1.5 million mandated by Section 506(d) of ANILCA. Since we are informed that the Department of the Interior has included $1.5 million for this purpose in its FY 1983 budget request, we assume that our request will not be controversial. Nevertheless, should you have any questions or require any further information, please call either Richard Baenen or Thomas Wilson at Wilkinson, Cragun & Barker, our Washington counsel (202/783-4800).

With best regards,

Sincerely,

Ethel Staton

Ethel Staton
Chairman

STATEMENT OF THE RENO-SPARKS TRIBAL COUNCIL AND NEVADA URBAN INDIANS, INC.

The Reno-Sparks Indian Colony, a 28.38 acre tract of land situated between the cities of Reno and Sparks, home to 626 persons; and the Nevada Urban Indians, Inc., a non-profit Indian organization that provides health and social services to 2,100 urban Indian people of the Reno-Sparks metropolitan area, present this testimony on the impact of the 1982 Indian Health Service budget cuts. This unique alliance of a tribal and urban group was born out of necessity as a realistic approach in planning and meeting the health needs of all the Indian people residing in the Reno-Sparks metropolitan area.

The Health Center was born for the following reasons:

1. The Indian Health Service health delivery system was unresponsive to the Reno area health needs because of a 200 mile distance, the regulation of the system, and the minimal care available.
2. The Reno-Sparks Indian Colony chose to assume responsibility for the welfare of its people, thus implementing the intent and meeting the spirit of challenge in the Indian Self-Determination Act (P.L. 93-638) and the Indian Health Care Improvement Act (P.L. 94-437).
3. To meet tribal goals of providing acceptable, accessible, and available health care in a cost effective and efficient manner.

In 1979, dollars spent for transportation to the IHS Schurz Service Unit from the Reno area was estimated to be $250,000 without any direct care provided. The current budget to provide direct care at the Health Center is $222,000. Services have been improved 600% for less money. But money expended that is recirculated in the community and employs Indian people in professional capacities.

Past testimony and the attached chronology displays the leadership the Reno-Sparks Indian Colony has taken to promote and assure acceptable, assessible, and available health care for Indian people in a cost effective and efficient manner. As you will note through the chronology, it has been a difficult and frustrating task taking years of planning and study, continued effort in turning planning into reality, and the never ending white-tape that places stumbling blocks in the way of achieving Indian "self-determination". The budget cuts for 1982 and those anticipated for 1983, mean many of the gains made will be lost and health care costs will escalate even further.

Reno, as well as the whole of Nevada, is being dramatically impacted by the Indian Health Service cuts in the Community Health Representative Program (20.7%) and the Tribal Management Program (13.0%). It is from these two categories that the Reno-Sparks Tribal Health Center's primary care services are funded because of reluctance on the part of the Phoenix Area Office to contract out of clinical services. The effects of the proposed cuts will hurt the quality and availability of services because Health Center operating time, staff hours, and supplies, including medication, cutback will be a minimum of 20%. This translates into a minimum reduction of 600 patient visits, 100% transportation services, and possibly 100% mental health services and alcohol prevention. Also, effecting the quality and availability of services is rising inflation and rising unemployment. Persons formerly holding group insurance will soon loose it; third party mechanisms will not be a viable resource.

Contract care, although not experiencing a cut in 1982, is of concern to us as historically; contract care funding has never been adequate to meet the need. The Schurz Service Unit contract care budget is generally expired by the 7th month of operation and again, inflation is stretching already insufficient funds and creating a delivery of crisis care that causes costs to increase rather than provide preventative care which produces long term savings.

The 8.3% cut to Urban Indian Health Projects has caused minimal problems of the Nevada Urban Indians, Inc. Health Program; but, a proposed zero budget for 1983 is of obviously major concern. Benefits from the cooperative agreement between the Reno-Sparks Indian Colony and Nevada Urban Indians regarding health planning and the Reno-Sparks Tribal Health Center is in jeopardy if urban Indian health is cut drastically or eliminated. The track record of a tribal and urban entity initiating a cooperative relationship is demonstrated proof that combining administrative entities improves the quality and quantity of health care. Since this model was put in place, outpatient services in the area have increased 600%, but patient visits are only at 3.3 per annum. Accessibility, therefore has dramatically increased the "bang" for the dollar. This has not been an easy task, however, as rules/regulations and government offices/personnel are not attuned to this idea.

Finally, we wish to address the formulas that have been developed to prioritize construction and equity health care funds. We feel the formulas do not allow a prioritizing that reflects the true need, especially for the rural and isolated areas in Nevada. This concern is of mutual interest to all Nevada tribes and Indian groups.

We end this testimony by providing the following request that Congress honor its own legislative mandates and strengthen its commitment to serve the first Americans of this country.

1. An appropriation of clinical center funds be made to fund the Reno-Sparks Tribal Health Center as community health centers have proven to be cost effective and efficient.
2. Funds for CHR type programs continue to be made available; however, each Tribe should be allowed flexibility to follow their Tribal Specific Health Plan.
3. Contract care in Nevada be funded at twice the level to meet the stated need, as documented in recent studies.
4. Continue to fund urban Indian health at its present level to assure the continued cooperative effort of tribal and urban initiatives and support realistic alliances that deliver quality health care.
5. Challenge Congress to meet previous commitments regarding the Tribal/Urban Specific Health Planning Process by allocating time and resources per legislative design.
6. Assure that the intent of P.L. 93-638 (Indian Self Determination Act) is afforded Indian people through adequate appropriations and federal agency compliance with established regulations.

STATEMENT OF LAWRENCE ROBERTS, FIRST CHIEF, NATIVE VILLAGE OF VENETIE

The NATIVE VILLAGE OF Arctic Village & VENETIE TRIBAL GOVERNMENT for the Neets'Ai Gwitch'In Athapaskan Tribe of the Venetie Indian Reservation requests these funds in addition to the per-capita computed percentage of the Fairbanks, Alaska, BIA Agency budget for the Tribe.

The projects so funded will:

A. Develop the Tribal resources through continuing employment of the Tribal members to realize markets;

Natural Resource Development-

Oil Shale: Ongoing program of exploration to define parameters of occurances	$ 200,000
Timber: Finalization of BIA study; independent review; set up saw mills in Arctic Village and Venetie.	$ 50,000
Hydroelectric: Independent feasibility study concurrent with corps of Engineers study.	$ 10,000
Fish Hatchery: Feasibility study with emphasis on return run.	$ 10,000

Agriculture: Ground preparation for field grains/grasses for brouse for indigenous game and domestic animals, 2,000 acres; "truck" garden preparation for harvestable domestic use 100 acres.

1.	Purchase breading disc	$ 40,000	
2.	D-9 Cat. rental (200 hrs. x $115)	$ 23,000	
3.	Fuel - 20 gal/hr. x 200 hrs. x $3.00/gallon	$ 12,000	
4.	Misc. lube and oil	$ 3,000	
5.	Labor/operator & mechanic	$ 1,500	
6.	Grain/grass seed	$ 5,000	
7.	Vegetable seed & starts	$ 5,000	
8.	Irrigation line and sprinklers inc. labor and installation	$ 12,000	
			$ 101,500

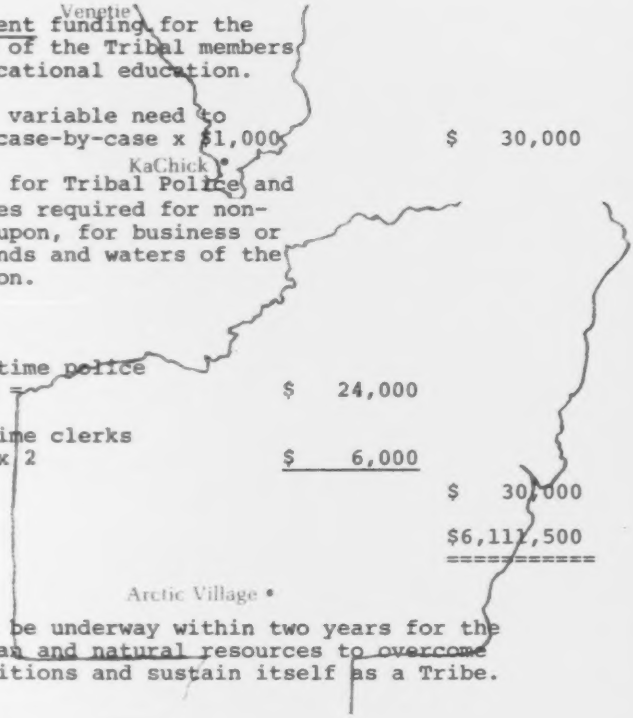
Reservation Roads: Access to timber

1.	24 miles x $150,000/mi.	$3,600,000	
2.	Engineering & administration	$ 180,000	
3.	Annual maintenance	$ 50,000	
			$3,830,000

B. Insure continuation of the housing project started in 1978 to eliminate sub-standard and unsanitary housing through self-help utilizing local materials;

Housing: Arctic Village 22 units x $75,000/unit	$1,650,000

C. Provide the electrical system necessary for village electrification and Public Health Service participation to supply a circulating water system (septic systems will be necessary for household waste, water, and sewage); Installation of distribution line and Arctic Village maintenance of current generators.	$ 200,000



D. Provide sufficient funding for the continuing special needs of the Tribal members in post-secondary and vocational education.

Education: 30 students, variable need to be determined case-by-case x $1,000		$ 30,000

E. Provide funding for Tribal Police and Administration of licenses required for non-Tribal members to enter upon, for business or personal matters, the lands and waters of the Venetie Indian Reservation.

Law and Order:

1. Four part time police $6,000 x 4 =	$ 24,000	
2. Two part time clerks $3,000 at x 2	$ 6,000	
		$ 30,000
TOTAL FUNDING:		$6,111,500

These projects must be underway within two years for the Tribe to develop its human and natural resources to overcome the extreme poverty conditions and sustain itself as a Tribe.

STATEMENT OF TIMOTHY L. TAYLOR, DIRECTOR, THE CENTRAL OKLAHOMA AMERICAN INDIAN HEALTH COUNCIL, INC.

The Central Oklahoma American Indian Health Council, Inc., doing business as the Oklahoma City Indian Clinic, is a non-profit Oklahoma state corporation, with duly established Articles of Incorporation and non-profit corporate by-laws. The board of Directors is composed of Indian health professionals and Indian health consumers.

In order for the intent of Congress, as expressed in the passage of Title V of P.L. 94-437, now P.L. 96-537, to improve the health status of American Indians residing in urban areas, to become a reality, the Oklahoma City Indian Clinic recommends a fiscal year 1983 appropriation for Title V to be no less than $9 million.

This level of funding would allow the Oklahoma City Indian Clinic and forty other urban Indian Health centers to maintain their current capacity and capability to deliver primary health care services to Indians residing in Oklahoma City and other urban areas.

The Oklahoma City Indian Clinic began in 1974 as a volunteer medical clinic organized by the Oklahoma City Native American Center. One evening clinic per week was the modest beginning of the actual delivery of health services.

The major impetus for establishing a health clinic for Oklahoma City Indian residents was the lack of health care alternatives.

The conditions that prompted the development of the Oklahoma City Indian Clinic still exist today.

First, the federal agency responsible for the delivery of health care to American Indians, the Indian Health Service, does not operate a health care clinic in Oklahoma City. The hospitals and ambulatory clinics of the Indian Health

Service are located in the rural areas of Oklahoma. This is an important point because of the dramatic shift in Indian population centers. Census information from the 1970 Census and preliminary data from the 1980 Census clearly show a migratory trend from rural to urban population centers among Oklahoma Indians. Furthermore, the 1980 Census has determined that 24,000 American Indians reside in the Oklahoma City metropolitan area.

Second, this trend among Oklahoma Indians is based essentially on their desire to improve their economic status. However, due to low educational levels and inadequate employment skills, the unemployment rate among Oklahoma City Indians is 15%. This high enemployment rate exists in one of the few urban centers in the United States with an overall unemployment rate under 5% in 1981. Thus, there is a large proportion of the Oklahoma City Indian population who cannot afford to utilize the health services provided by the private sector.

Third, the state and city commitment to public health is not very impressive. This year a millage increase was passed by the citizens of Oklahoma City to increase funding for the City-County Health Department. However, this was the first increase since 1965! Nor does the city or state government have any history of attempting to adequately understand or act on behalf of the health needs of special population groups including Oklahoma City Indian residents.

In recent years, the Oklahoma City Indian Clinic has established itself as a successful program for the delivery of primary health care to Oklahoma City Indian residents. As a primary health care agency the Clinic is concerned with preventive health care, health screening, the treatment of ambulatory health problems, and the health maintenance of chronically ill patients, such as diabetics, whose health problems are under control, and may be maintained through outpatient care.

In calendar year 1981, the Clinic produced the following statistics:

1. Currently, there are 8,700 patient care charts, of which 3,500, or 40% are active patients.
2. In 1981, the Clinic produced 7,720 patient care visits, of which 2,687 visits were made by individuals less than 20 years of age.
3. In 1981 over 14,500 laboratory procedures were performed in-house.
4. In 1981 almost 19,000 prescriptions were filled in-house.
5. In 1981 over 1,200 x-ray procedures were performed in-house.
6. In 1981 over 2,500 referrals were made to medical or other health agencies.
7. Based on a locally accepted fee schedule used only for management information, the 1981 average charge per patient care visit was $45.56.
8. Based on the amount of the Clinic's federal funding, the 1981 average cost per patient care visit was $50.39.

It is important to remember that the cost per patient visit includes not only what it costs to see a physician, but also the costs of pharmacy, laboratory and x-ray services. Thus, the scope of health care services offered by the Oklahoma City Indian Clinic are delivered in an economically efficient manner. Furthermore, the delivery of quality primary care reduces costly in-patient care and emergency room care.

Clearly, the Oklahoma City Indian Clinic is responding favorably to the health needs of Oklahoma City Indian residents, in terms of health services delivered and the cost of delivery.

The major recent accomplishments of the Clinic are:

1. The retention of a full time physician and dentist.
2. The acquisition of a new dental operatory, making for a three chair dental clinic.
3. The continuation and expansion of medical, dental, nutrition and outreach services.
4. The initiation of shared-time computer services for clinic operations and management information.

In summation, the Oklahoma City Indian Clinic provides health services to a special population who otherwise could not find an alternative health care source. The Oklahoma City-County Health Department does not have the resources to meet the primary health needs of the large American Indian population residing in Oklahoma City. Nor does the Indian Health Service operate a primary health center or a hospital in the Oklahoma City metropolitan area. State and local government have not demonstrated the desire or capacity to meet the health needs of disadvantaged populations, including American Indians.

This is substantiated by the reluctance of Oklahoma City citizens to adequately support the City-County Health Department. It is further substantiated by the fact that the State of Oklahoma has not opted to apply for the Primary Health Care program of the Federal Health Block Grants.

Therefore, the Oklahoma City Indian Clinic strongly recommends continuation of federal support for Urban Indian Primary Health Care Clinics, and a fiscal year 1983 appropriation for Title V of P.L. 94-437 to be no less than $9 million.

STATEMENT OF JOSEPHINE GONZALES, EXECUTIVE DIRECTOR, INTER-TRIBAL COUNCIL OF NEVADA, INC.

The Indian Health Service provides medical and health care to 14,081 (1980 Census) Indians in Nevada. Of the 23 federally recognized Indian reservations and colonies, 87% are in rural, isolated locations scattered throughout the 110,000 square miles of this state. The many difficulties of providing an effective health delivery system in Nevada was recognized by the Federal government when it designated the entire state as a contract health services delivery area.

Today the availability of medical services to the majority of Native Americans in Nevada is diminishing to an alarmingly low level. Inflation, inadequate clinical and contract health care funds, and the lack of alternative resources are all eroding the health status of the Indian population.

Congress enacted the Health Care Improvement Act (PL 94-437) to significantly refocus efforts to improve the quality of health services to the Indian people. Actual appropriations for the implementation of this act are far below the authorization levels based on a comprehensive survey of unmet medical needs. Ninety percent of Nevada's tribes in 1982 have a 61-80 percent deficiency level (RRM).

The tribes of Nevada support the following recommendations in an effort to alleviate the crisis in health care that now exists.

1. Congress provide a supplemental appropriation which includes funding to meet 100% of the fiscal year 1982 federal pay raise mandated by the "Pay Act" and that such supplemental funds be provided for 1983. Phoenix Area Indian Health Service is projecting a $6,000,000 dollar deficit due to having to cover these mandated pay increases in 1982. The deficit is being met at the expense of direct health services to the Indians. Both of our facilities are projecting having to close all inpatient services in June, field clinics are cancelled or sporadic and the travel of health providers has been severely restricted.

2. Nevada's outreach medical services are almost entirely dependent on Community Health Representative Programs. For eighteen of our tribes the CHR is the only health provider in the community. An analysis of the unmet need for field health services for Nevada's tribes reveals a ninety-two percent deficiency level (RRM, average percent for all tribes). IHS has ignored Congress's directive to target the 1982 20.7% reduction in the CHR Programs in areas which have higher concentrations of health personnel in clinics or hospitals. All Nevada CHR contracts absorbed the cuts on an across the board basis, regardless of need or alternative resources. We urge Congress to restore the Community Health Representative funding level to the 1981 appropriation level, $36,304,000. In our written testimony we have included a list of the direct services provided by the CHR programs in Nevada. We have included examples of actual cases and the impact of reducing or eliminating these services.

3. Due to inadequate clinical service funds, the Owyhee and Schurz IHS facilities only offer primary medical care. The balance of medical services must be provided through contract health care. This budget has never been adequate to match the high demand. Backlogging of necessary medical services, denials of service, and the complete depletion of funds prior to the end of the fiscal year has jeopardized the health and well being of the reservation Indians. An estimated eighty percent of the population is dependent on IHS to provide or purchase needed medical services.

   We recommend that IHS comply with the House and Senate Conference Committee and develop a methodology to equitably distribute the funds and resources of IHS so that at least all tribes have the same level of services available. The methodology should include a number of variables such as: alternative resources (Tribal, State, and Local), health status (morbidity and mortality data), population, access to health care, health costs in an area and utilization. Tribe's should be actively involved in the development of the methodology and be utilized to identify the alternative resources. To date this has not happened. The Resource Requirement Methodology developed by IHS and utilized to identify deficiencies at the tribal, service area, and service unit level is simplistic and should be re-evaluated.

   We have included tables that point out inequities with the contract health service funds distribution to the IHS areas. We have also provided a breakout of the distribution of funds in the Phoenix Area and raise questions as to the logic which is apparently based on historic funding.

4. The tribes of Western Nevada worked to developed a joint health care system for their area. The Senate Committee on Interior Appropriates (June, 1980 - Senate Report #96-985,

pg. 83) directed IHS "to evaluate the plan and give recommendations for its implementation prior to the 1982 fiscal year budget hearings". This was not done. IHS recommended the funding of the Western Nevada Health Delivery System and Dr. Brandt, Assistant Secretary for Health signed and transmitted the report to the Assistant Secretary for Management and Budget for approval and action.

The WNHDSS is the result of the tribal specific health planning process of which the fundamental conclusion was that health care is largely unavailable, inaccessible and unacceptable. IHS evaluated the study and the following were among the reported evaluations:

1) "The study including its phased implementation plan, represents an excellent approach which is well thought-out and appropriately documented".

2) "The health needs of the Western Nevada Tribes are accurately identified".

3) "The programs proposed to meet these needs are well designed and cost effective".

We ask that this committee request that the Assistant Secretary for Management and Budget comply with the request and transmit the report to Congress.

5. The tribes of Nevada are very concerned that the reduction in funds for IHS will come at the expense of tribal health programs and Service Unit staff and services. Layers of administrative personnel at Headquarters and the Area offices along with special projects not related to health care are insulated from these reductions.

The Department of Health and Human Services has demonstrated its lack of knowledge of the extension to IHS health care the tribal health staff provide by supporting reductions in Indian community health workers. In the Office of the Inspector General Report on the Indian Health Service (June, 1981), OIG noted that "The current structure of IHS is such that very few staff are actually responsible for primary health delivery services" and recommends the relocation of area staff to service units.

We support the relocation of health providers from the Area Office to the Service Units where the critical need exists. We also recommend that Congress uphold the two-fold mission of IHS (health care and tribal self-determination) by mandating that IHS absorb all reductions at Headquaters and the Area level before the Service Unit level where health care is actually provided.

We further request that this committee require that IHS stop pouring millions of dollars of potential health care funds into their mulitiple management information systems (RADEN, TRAIS, and PCIS).

The systems are duplicative, expensive, and largely non-functional in terms of providing appropriate, accurate and timely information for planning and accountability (OIG, Report June, 1981). The Phoenix Area is proposing yet another financial management system which will cost approximately $200,000.00 out of already scarce Contract Health Funds. IHS can no longer afford research and development projects at the expense of health services to the Indians.

6. Congress has supported the so-called New Federalism of the Reagan Administration without full consideration to the effects on Indian health care and services.

Nevada's Tribes are right now experiencing the effects of allowing the state to control all monies for the Preventive Health and Health Services Block Grant. Neither IHS nor the State of Nevada have addressed the Emergency Medical Services needs of the rural reservations (we have included a detail of these needs in our written testimony).

In 1981 we received an EMS planning grant to assess the needs and plan to address those EMS needs. Nevada failed to apply for the funds although they had first option to do so. The formula used to determine the State Allotment for FY 82-83 included the $90,000.00 received by the Inter-Tribal Council.

Commitments to provide communications, first responder kits and vehicles have been made by IHS and BIA contingent on State funding for FY 83. We asked the State for $52,972.91 of the $90,000.00 included in its allotment to implement the training of Indians in the community to serve as first responders.

The state has denied us funding. Although they recognized the EMS needs and "moral" commitment they feel the monies should go to the State Community Nursing Program which has received funding cutbacks.

Nevada tribes recommend that the Block Grants be made eligible directly to tribes in accordance with their government to government relationship.

ITCN-82- 4

RESOLUTION
OF THE
INTER-TRIBAL COUNCIL OF NEVADA

We the Executive Board of the Inter-Tribal Council of Nevada, as the body composed of the elected representatives of the twenty-three Indian reservations and colonies in Nevada as the duly chartered Indian organization which speaks for the wishes and desires of the State's Indian population, do hereby resolve:

WHEREAS, the Inter-Tribal Council of Nevada is a nonprofit corporation of the State of Nevada with a membership of all Nevada Indian Tribes; and,

WHEREAS, through the combined efforts of the Nevada tribes and the executive action of the Board has caused the ITCN, Inc. to become a highly responsible organization with broad financial and managerial capability as an Indian organization within the State of Nevada; and,

WHEREAS, the Inter-Tribal Council of Nevada is committed to the goal of improving the health status of Indian people in Nevada; and,

WHEREAS, it has come to our attention that the Congress of the United States of America is contemplating measures which will negatively affect the health and well-being of Nevada's Indian population,

NOW THEREFORE BE IT RESOLVED, that the Executive Board of the Inter-Tribal Council of Nevada authorize the Executive Director to testify on behalf of the Indian tribes of Nevada to state their concerns regarding the impact of said measures upon their lives.

CERTIFICATION

The foregoing resolution was adopted at a duly called meeting of the Inter-Tribal Council of Nevada, held on the 20th day of February, 1982, by a vote of 9 *for,* 0 *against, and* 0 *abstentions.*

Linda Howard, Secretary
ITCN Executive Board

Statement of Michael Welsh, Health Director, Montana United Indian Association

My name is Michael Welsh--I am the Health Director of the Montana United Indian Association, also known as the "MUIA". The MUIA administers urban Indian health programs in Montana and provides advocacy on behalf of 17,400 urban Indian people.

During the height of the fund-seeking panic at the start of Fiscal Year 1982, I attended Block Grant hearings held at Carroll College in Helena, Montana on October 29th and 30th where MUIA representatives were told politely but firmly that our health programs were professionally run and filled a gap in the health care delivery system, but due to the fact that we hadn't applied for monies under the appropriate block grant, we were not eligible to receive funding. When we pointed out that we had just received notice of the hearings and therefore could not have applied, we were told that since we hadn't been funded under any of the several categories of block grants the previous year, our organization wasn't eligible in any case! It was then suggested with wry humor that we apply to the State of Montana for some portion of Fiscal Year 1982 Funding. The rest is history, foreshadowing the inexorable outcome of the "New Federalism".

Being politically quite naive, we packed up what we felt were very impressive records of our cost effectiveness, program efficiency and service delivery, contacted various legislators and sat in hopefully at what we had been told were the appropriate sub-committee hearings. In one sub-committee, we had our first inkling that all was not well, but we were encouraged by the six to five closeness of the negative vote. We redoubled our efforts and with the help of a few political savants and a couple of sincerely concerned people, we plunged ahead to a resounding twelve to five defeat. We believed that we had covered all of the issues that had arisen before; namely: Duplication of services, concurrence from top health officials that our programs are needed (at least until attitudes change between Indians and the rest of Montana's citizens); we thought we had finally laid to rest the spectre of the Indian Health Service's "on or near" policy and the 180 day rule relative to urban Indians. We felt that we had quoted the Montana Supreme Court convincingly because that august body had declared that separate facilities were not discriminatory due to the unique cultural and social structure of Montana's Indian people. We were convinced that we had forcefully indicated that Montana's counties (who now appear to be facing massive social service costs) would be further impeded by having to shoulder the inevitable emergency room costs that would quickly result from lack of primary and preventive health care provision to urban Indian people. Well, we believed, thought, felt and were convinced wrong!

As we roamed the halls of this amazing seat of democracy, we discussed the now infamous safety net, "the collective responsiblity to help", and a comment that an exasperated legislator had made sometime before to the effect that we were asking too much of the Congress--hundreds of thousands of dollars for Montana's urban Indian health programs simply was not realistic, especially in view of the other issues that had to be addressed. We agreed that hundreds of thousands is a lot of money. We also came to the conclusion that billions are being spent military, commercial and other materialistic concerns. It made us wonder if Montana or the United States can afford to ignore its intrinsic human responsibility to its first citizens. Up to this point, urban Indians have made no significant financial demands on the State of Montana. Yet, Indian people were relocated to urban areas as early as 1952 against their will. These people are no less "Indian" for having left the artificial boundary markers of the Reservations and so the federal responsibility must continue...the fact that these persons now desire to avail themselves of the opportunity to better their environment and health status in a city or town of their choice is used against them.

Some Montanans are quick to say, "Why don't the Indians assimilate themselves into our society--you would think by now they would be used to the way we live. Why don't they pull themselves up by their bootstraps?" My response to that way of thinking is simply that it is awful damn hard to pull yourself up when someone has taken away your straps and then your boots!

It occurs to me that many billions of dollars are spent annually to promote private business and that the overwhelming majority of these fledging enterprises end in total failure in less than a year. In fact, Dun and Bradstreet just reported that business failures are the highest in 43 years-ever since they have kept records. I also believe that Montana and the United States could easily view the MUIA's financial need as a relatively small investment in a proven, financially responsible business that is far beyond the first year "Jinx", will be financially independent within two years, which has, and will continue to materially improve the health status of a grossly neglected population, which has already improved the educational possibilities and therefore the work opportunities of a steadily increasing number of people. It should be noted that if a young person contracts Otitis Media--a fulminating ear disease that is pandemic among Indian youth--the condition progresses rapidly until partial or total loss of hearing ensues. If a student can't hear, he or she can't learn well, if they don't learn, they cannot compete effectively in the workplace, if they cannot work, they tend to lose their sense of self-worth and may have to be supported by the state.

Our position is, the MUIA, a non-profit corporation, injects nearly two million dollars into Montana's economy every year. I think that two million dollars each year is a sizeable contribution. If the health programs fail from lack of funding, the MUIA's financial position will become precarious--the ensuing loss in revenue to the State of Montana is unemployment compensation, increased health care costs and local economic impact will be substantially greater than our budget request. And now, the "New Federalism"...on January 26, 1982, President Reagan stood before a joint session of Congress and declared with apparent great conviction that one of his "...highest budget priorities..." is "...a reliable safety net of social programs for those...who are in need." He further stated that his "... administration has not and will not turn its back on...America's poor." He proposed "...preserving essential services for the truly needy" and adomished us not to "...be fooled by those who proclaim that spending cuts will deprive the...needy..."

We want to believe the President; however, we noticed that David Stockman, the Director of the Office of Management and Budget (OMB) was obviously in attendance and applauded Mr. Reagan's speech. We also notice that urban Indian Health Programs are omitted from OMB's proposed budget for Fiscal Year 1983. Is Mr. Stockman risking another "visit to the woodshed" by ignoring one of President Reagan's highest budget priorities or is the President merely rendering one more movie performance on the silver screen of politicaly rhetoric? In June of 1981, we testified that Indians face continuous, blatant discrimination in Montana and other states, that Indians are the neediest of the truly needy (they suffer the worst health status in the United States, lowest family incomes at 300% of poverty, the highest suicide and infant mortality rates). The Congress listened and understood the magnitude of the problem and then intervened--afterall, it was Public Law 94-437 that described this national disgrace and authorized $100 million dollars per year to improve the "deplorable health status" of the Native American, even though yearly appropriations to the urban Indian Health Programs has averaged only one-tenth of the authorization--it would appear that the price of providing quality health care for urban Indians is "Eternal Vigilance".

Regardless of public promises, urban Indians are forced to return to Washington, hat in hand, year after year, to implore the Congress to restore health funding that is supposedly "guaranteed" by law, by two hundred years of tattered treaties and by the current President of the United States. It is clearly evident that the OMB has once again attempted to circumvent Congress and turn a deaf ear to the President's pronouncements that the truly needy will not be deprived. Thereby hangs a tale: If the MUIA doesn't receive funding for Fiscal Year 1983 to continue its clinic operations and its transportation/referral programs, young Indians will not grow to be old Indians. The wisdom of the elders that has been the hallmark of Indian teaching and tradition will never be realized. The young will be impaired physically and mentally while the "old" (median age of death is 55 years) will die before they can impart traditional cultural and religious heritage to the more radical members of the community. It is important for you as lawmakers to differentiate between the fleeting satisfaction of a temporary monetary victory vis a vis a long-term investment in the destiny of a people. A wise Indian leader once said, "To the victor goes the responsibility". I will belabor our position no longer at this time. You have the collective wisdom, the legislative power and the means to ensure a healthy future for the urban Indian citizens of America. Thank you.

STATEMENTS OF GLORIA J. KELIIAA, EXECUTIVE DIRECTOR, CALIFORNIA URBAN INDIAN HEALTH COUNCIL, INC.

WE ARE WATCHING THE DEVELOPMENT OF THE ADMINISTRATION'S ECONOMIC RECOVERY PROGRAM WITH INTEREST AND DISMAY. WHILE WE DO NOT DEBATE THE NEED FOR INCREASED EFFECTIVENESS AND COST REDUCTION, WE CANNOT, AS A PROFESSIONAL HEALTH ORGANIZATION, ALLOW THOSE OBJECTIVES TO BE ACHIEVED AT THE EXPENSE OF INDIAN PEOPLE.

WE KNOW THAT LAST YEAR YOUR SUBCOMMITTEE RECOMMENDED NO FUNDING FOR URBAN INDIAN HEALTH PROGRAMS, APPARENTLY BELIEVING THAT THE SERVICES THEY PROVIDED WERE NOT DIRECT CARE SERVICES AND WOULD BE PROVIDED BY OTHER HEALTH ENTITIES.

WE WANT TO POINT OUT TO YOU THAT THE LEGISLATION AUTHORIZING THOSE URBAN PROGRAMS WAS PASSED TO BRING INDIAN HEALTH TO PARITY WITH THE GENERAL POPULATION. ALTHOUGH URBAN PROGRAMS HAVE CONTRIBUTED TO THAT EFFORT, IT IS NOT YET COMPLETE AND SHOULD NOT BE ABORTED IN MIDSTREAM.

IN ADDITION, IT IS ESTIMATED THAT BETWEEN 15-30% OF OUR POPULATION IS MEDICALLY INDIGENT AND WITHOUT OUR CLINICS, WOULD HAVE NO ACCESS TO CARE. DEFUNDING OUR PROGRAMS WITHOUT DETERMINING WHERE HEALTH CARE FOR THESE PEOPLE WOULD BE AVAILABLE IS IRRESPONSIBLE AND UNACCEPTABLE.

WE ARE WILLING TO BE ACCOUNTABLE FOR OUR FUNDING. WE KNOW WE PROVIDE CARE IN AN EFFECTIVE AND EFFICIENT MANNER THAT CANNOT BE DUPLICATED BY OTHER PROVIDERS. WE HOPE THAT WHEN YOUR SUBCOMMITTEE MARKS-UP THIS YEAR'S INTERIOR APPROPRIATIONS BILL YOU WILL MAINTAIN OUR FUNDING TO CONTINUE CRITICAL HEALTH CARE TO THE URBAN INDIAN POPULATION.

THE CALIFORNIA URBAN INDIAN HEALTH COUNCIL IS SUBMITTING WRITTEN TESTIMONY RELATED TO THE INTERIOR APPROPRIATION FOR URBAN INDIAN HEALTH TO YOU TODAY RATHER THAN APPEARING IN PERSON NOT BECAUSE WE BELIEVE THESE HEARINGS ARE UNIMPORTANT BUT BECAUSE WE ARE UNABLE TO FUND THE COST OF TRAVEL TO PROVIDE IN-PERSON TESTIMONY.

THE COUNCIL HAS PROVIDED YOU WITH INFORMATION IN THE PAST RELATED TO APPROPRIATIONS FOR INDIAN HEALTH. WE HAVE POINTED OUT TO YOU THE OBVIOUS NEED FOR URBAN INDIAN HEALTH CLINICS AND ACCEPTED THE RESPONSIBILITY FOR MAKING THOSE CLINICS EFFECTIVE AND EFFICIENT. WE WANT TO THANK YOU FOR LISTENING TO US AND FOR PROVIDING US WITH FUNDS IN FY82 TO CONTINUE TO PROVIDE CRITICALLY NEEDED SERVICES TO OUR POPULATION.

TODAY WE PROVIDE THIS TESTIMONY BECAUSE WE BELIEVE THAT PUBLIC HEALTH SERVICES IN GENERAL ARE IN GRAVE JEOPARDY. POOR PEOPLE--THE MEDICALLY INDIGENT WHO HAVE NO ACCESS TO CARE OTHER THAN THROUGH URBAN INDIAN HEALTH CLINICS, COMMUNITY HEALTH CENTERS AND MIGRANT AND RURAL HEALTH CENTERS--ARE NOT SIMPLY FACED WITH A TWO CLASS SYSTEM OF HEALTH CARE BUT ARE IN GRAVE DANGER OF HAVING NO HEALTH CARE AT ALL.

PL 94-437 WAS PASSED AND REAUTHORIZED TO BRING INDIAN HEALTH TO PARITY WITH THE GENERAL POPULATION. THE AUTHORIZATION LEVELS OF THAT LEGISLATION WERE $5,000,000, $10,000,000 AND $15,000,000 THE FIRST THREE YEARS OF THE LEGISLATION BEGINNING IN 1978. IN FACT, URBAN INDIAN HEALTH PROGRAMS WERE NEVER FUNDED AT A LEVEL ABOVE $8.9 MILLION. AND, DESPITE THE DRAMATIC URBANIZATION OF THE AMERICAN INDIAN POPULATION, LESS THAN 2% OF ALL INDIAN HEALTH SERVICE FUNDS ARE USED FOR URBAN INDIAN HEALTH.

WE WANT TO REITERATE TO YOU WHAT SHOULD BE A WELL KNOWN FACT--INDIAN HEALTH IS NOT AT PARITY WITH THE GENERAL POPULATION. THIS IS OBVIOUS FROM AN EXAMINATION OF THE HEALTH INDICES FOR THE CALIFORNIA INDIAN POPULATION.

- PRENATAL CARE UTILIZATION AS REFLECTED BY CALIFORNIA BIRTH RECORDS IS ALARMING. IN 1967, ALMOST 29% OF THE STATE'S PREGNANT INDIAN WOMEN RECEIVED NO OR LATE PRENATAL CARE. BY 1976 THAT NUMBER HAD DROPPED TO 12% BUT THIS LOWER FIGURE IS STILL DOUBLE THAT FOR THE GENERAL POPULATION. THE ABSENCE OF TIMELY PRENATAL CARE OBVIOUSLY HAS A SIGNIFICANT IMPACT ON MORTALITY INDICES.

- FROM 1971 TO 1973 THE INDIAN INFANT MORTALITY RATE WAS 18.1 DEATHS PER 1000 LIVE BIRTHS COMPARED TO 13.2:1000 FOR THE GENERAL POPULATION IN 1973. INDIAN INFANT MORTALITY IN CALIFORNIA IS CURRENTLY HIGHER THAN ANY OTHER RACIAL GROUP EXCEPT BLACKS.

- WHEN THE FOCUS SHIFTS TO POST NEONATAL DEATHS (28 DAYS TO 11 MONTHS) THE DATA IS BLEAKER STILL. THE CALIFORNIA INDIAN POPULATION HAS THE HIGHEST POST NEONATAL DEATH RATE OF ANY ETHNIC GROUP (9.3:1000 COMPARED TO 4.0:1000 FOR THE GENERAL POPULATION).

- MORTALITY FIGURES IN GENERAL ARE DISCOURAGING. THE U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES' PUBLICATION HEALTH STATUS OF MINORITIES AND LOW INCOME GROUPS SAYS "DEATH RATES OF AMERICAN INDIANS COMPARE UNFAVORABLY WITH DEATH RATES OF WHITE PERSONS." IN 1971, THE AGE ADJUSTED DEATH RATE ACCORDING TO THE DEPARTMENT OF HEALTH AND HUMAN SERVICES WAS 33% HIGHER THAN THE TOTAL POPULATION--9.3:1000 COMPARED TO 7:1000.

  THE PREVIOUSLY CITED DEPARTMENT OF HEALTH AND HUMAN SERVICES PUBLICATION SAYS "AMERICAN INDIANS, A GROUP GENERALLY CONSIDERED MEDICALLY DISADVANTAGED, ALSO EXPERIENCE EXCESSIVE DEATH RATES FROM CIRRHOSIS OF THE LIVER AS WELL AS PNEUMONIA AND INFLUENZA. . .

THE MORTALITY RATE OF INDIANS FROM ALL CAUSES IS 30% HIGHER THAN THAT OF THE GENERAL POPULATION." THE MORTALITY RATE FROM CIRRHOSIS IS FIVE TIMES THAT OF THE GENERAL POPULATION.

- FEMALES ACCOUNT FOR ALMOST HALF THE TOTAL CIRRHOSIS DEATHS AMONG AMERICAN INDIANS COMPARED TO ONE-THIRD OF WHITE AND BLACK FEMALES. AMONG 15-24 YEAR OLDS, CIRRHOSIS MORTALITY FOR INDIAN FEMALES IS THREE TIMES THAT FOR INDIAN MALES.

- ALCOHOL RELATED MORTALITY FOR INDIANS 15-24 YEARS OF AGE IS 22 TIMES THAT FOR THE GENERAL POPULATION.

- ALCOHOLISM DEATH RATES ARE 4.3 TO 5.5 TIMES THE NATIONAL RATE AND ALSO MAKE UP THE MAJOR CATEGORIES OF HOSPITAL ADMISSIONS.

- TUBERCULOSIS MORBIDITY AMONG AMERICAN INDIANS IS ALSO EXCESSIVE. IN 1974, NON-WHITES HAD A DEATH RATE FROM TUBERCULOSIS THAT WAS 4.6 TIMES THAT OF THE GENERAL POPULATION. THE INDIAN TUBERCULOSIS DEATH RATE WAS 8.2 TIMES HIGHER THAN THE ALL RACES RATE.

- OTITIS MEDIA, A CONDITION THAT OF COURSE EXISTS IN OTHER ETHNIC GROUPS BUT IS NOT SEPARATELY REPORTED FOR THEM IN HEALTH DATA COLLECTION, IS A PREVALENT CONDITION AMONG AMERICAN INDIANS. THE NUMBER OF NEW CASES REPORTED NATIONWIDE FROM 1962-1976 HAS INCREASED FROM 1000 IN 1962 TO 5000 IN 1976 (A RATE OF 9126/100,000). IN TURN, THE CONDITION'S PARTLY EXPLAINED CAUSE--UPPER RESPIRATORY INFECTION--IS MORE PREVALENT FOR INDIAN PEOPLE AS IS ITS UNTREATED RESULT--CHRONIC EAR DISEASE.

- ACCIDENTS ARE THE PRIMARY CAUSE OF DEATH FOR ALL CHILDREN 1-4 AND 5-14.

- THE SECOND LEADING CAUSE OF DEATH FOR INDIAN CHILDREN 1-4 IS INFLUENZA AND PNEUMONIA. THE DEATH RATE FROM THIS CAUSE WAS 2.5 TIMES THE U.S. ALL RACES RATE IN 1974.

WE KNOW THAT CONGRESS HAS MANDATED AN EVALUATION OF URBAN INDIAN HEALTH PROGRAMS. WE SUPPORT THIS MANDATE AND WANT TO POINT OUT TO YOU THAT LAST YEAR IN OUR TESTIMONY WE ASKED YOU TO HOLD US ACCOUNTABLE. WE ENCOURAGE YOU TO INSURE THAT EVERY DIME AND EVERY DOLLAR OF FEDERAL MONEY IS SPENT IN THE MOST EFFECTIVE MANNER TO INSURE THAT URBAN INDIAN HEALTH NEEDS ARE ADDRESSED. WE DO NOT SUPPORT THE ADMINISTRATION'S PROPOSAL TO DEFUND URBAN INDIAN HEALTH PROGRAMS. WE HAVE LITTLE ENOUGH NOW. WE BELIEVE THAT UNTIL THERE ARE ANSWERS TO THE QUESTION OF WHERE POOR PEOPLE WILL GO FOR CARE AND TO THE QUESTION OF HOW EFFECTIVE OUR PROGRAMS ARE, THAT DEFUNDING OUR URBAN INDIAN HEALTH CLINICS IS AN ACT OF GENOCIDE. WE BELIEVE THAT FEDERAL FUNDING TO URBAN INDIAN HEALTH SHOULD BE RESTORED TO ITS FY81 LEVEL OF $8.9 MILLION.

Statement of Claude A. Cox, Principal Chief, Muscogee (Creek) Nation

The Muscogee Nation has requested Bureau of Indian Affairs support for increasing the service budget of the Okmulgee Agency (Okmulgee, Oklahoma) serving the Muscogee (Creek) Indian Nation for the purpose of serving all eligible Indians within the Muscogee (Creek) Nation.

This support has not been forthcoming. Therefore, the Muscogee Nation must now request this subcommittee to intervene and require the resolution of a very serious problem. The problem has arisen primarily because the BIA has no formula for funding the various Agencies based upon population and needs.

As you know, the BIA has allowed tribal governments to establish "near reservation designated areas" to provide services to eligible Indians living near (but not within) agency service areas. This has been implemented in Oklahoma, and does include some urban areas (for example, Oklahoma City and Lawton).

At the same time, the Bureau of Indian Affairs does not provide services to the entire extent of the Muscogee (Creek) Nation.

BIA policies adopted fifteen to twenty years ago concerning Eastern Oklahoma exclude otherwise eligible Indian residents of the City of Tulsa from receiving BIA services.

There is no portion of the City of Tulsa which is outside the recognized boundaries of either the Muscogee (Creek) Nation, the Cherokee Nation, or the Osage Nation. Most of the City, and most of its resident Indian population, are within the boundaries of the Muscogee (Creek) Nation. An additional portion of the City of Tulsa (within the Cherokee Nation) is within the service jurisdiction of the Okmulgee Agency. However, all otherwise eligible Indian residents of the City of Tulsa are excluded from BIA services as "urban Indians".

There is tribal trust property, individual restricted inherited property, and individual restricted purchased property within the City of Tulsa. The City of Tulsa has the third largest Indian population of any city in the country; however, those other cities are not totally within recognized Indian reservations, as is the City of Tulsa. The City of Tulsa is probably the only city in the United States which is trisected and totally within three Indian reservations.

The vast majority of Indian residents of the City of Tulsa are Muscogee (Creek), Cherokee, and Osage, most of whose families have lived in the area far prior to statehood, or whose families moved from economically depressed communities to the area's largest employment center. There is an urgent need for these families to receive services on the same basis as their fellow tribal members in nearby towns and rural communities.

The problem is funding. The BIA Okmulgee Agency does not receive sufficient funding to increase its service population by 50% without either (1) a corresponding increase in funds, which is recommended and requested, or (2) a corresponding decrease in services in nearby towns and rural communities, which would be counter-productive and is not recommended.

The Muscogee Nation recommends that this subcommittee require the Bureau of Indian Affairs to increase its allocation of funds to the Okmulgee Agency by 50% over the recommended budget, and to provide services to eligible Indian residents of the City of Tulsa.

This request would continue current service levels, but would increase the service population.

The situation of the Muscogee Nation vis-a-vis the City of Tulsa is unique and exists to this extent nowhere else in the country. The attention of this subcommittee to resolving a problem of this nature is appreciated.

STATEMENT OF THE CHEYENNE RIVER SIOUX TRIBE

This statement, submitted by the Cheyenne River Sioux Tribe, is a plea for a special appropriation for a Kidney Disease Program located at Eagle Butte, South Dakota, and for a nationwide survey to identify Indians with kidney diseases requiring specialized care. During the past decade, the number of tribal members who are suffering from diseases of the kidneys has increased significantly. Although kidney diseases have many causes, among Indian people the increased rate of kidney disease appears attributable to the higher rates of diabetes, alcoholism and hypertension on the reservation.

On the Cheyenne River Reservation, we now have seven patients who suffer from the chronic kidney disease known as Renal Kidney Failure. The great majority of these patients are elderly. At present, our patients are receiving kidney dialysis treatment from the Satellite Kidney Dialysis Program at Eagle Butte, which is located on the Reservation, and from St. Mary's Hospital in Pierre, and the Regional Hospital in Rapid City, both of which are located off the Reservation.

Those receiving treatment off the Reservation either have relocated near a treatment facility or must commute from the Reservation, a round trip distance of 184 miles. Since dialysis must be performed three times a week, each of our commuting patients travels some 552 miles per week, or 28,704 miles per year simply for kidney treatment. These long trips every other day would be exhausting under the best of circumstances. Our patients, however, are elderly people who, on the return trip, have just completed four debilitating hours on a dialysis machine. Poor weather and road conditions only deepen the strain and anxiety of their trips.

Our Tribe members who have left the reservation to live near their treatment program have fared little better. These patients are elderly people with no job skills and small fixed incomes. After spending their lives on the Reservation, they are forced to leave their homes and families and attempt to live in an alien and frightening environment.

The Satellite Kidney Dialysis Program located on the

Reservation has the capacity to treat all of the tribal members requiring dialysis. Because of the lack of trained personnel, however, several of our Tribe members must continue to receive treatment off the Reservation. Special funding to create a Kidney Disease Program on the Cheyenne River Reservation would permit fuller use of the existing facility and would allow our elderly kidney patients to receive treatment without either uprooting their lives or traveling thousands of miles annually just to stay alive.

A large percentage of the funds now used for contract care is being expended for treating off-Reservation kidney patients. The cost of medical treatment alone for these patients already has exceeded $100,000 and continues to grow. The out-of-pocket costs simply to transport our elderly patients to off-Reservation dialysis centers exceeds $20,000 per year. In addition, the Tribe currently uses employees of the Eagle Butte treatment unit as drivers for our patients receiving care off the Reservation. Providing this transportation consumes nearly 2,000 hours of employee time per year. Thus, additional funding for a Kidney Disease Program is also needed in order to permit the use of limited health care funds for specialized treatment other than renal care. We presently have a waiting list of patients who require specialized care for a variety of disorders, but who are unable to receive treatment because of the shortage of funds.

The burden of providing kidney dialysis on the Cheyenne River Sioux Reservation has become sufficiently great to warrant earmarking separate monies for treating kidney patients. Therefore, we request a special appropriation for the Cheyenne River Satellite Kidney Dialysis Program in the amount of $150,000 for the specific purpose of funding a Kidney Disease Program on the Reservation.

The Cheyenne River Sioux Tribe is aware that other tribes are experiencing similar difficulties. We believe that the IHS has not given proper recognition to the increasingly expensive problem of kidney disease among Indian people. The cost of dialysis alone for a single patient exceeds $30,000 per year.

Accordingly, on behalf of all Indian Tribes, we are requesting that Congress direct the Department of Health and Human Services through IHS to conduct a nationwide survey to identify the Indian population with kidney diseases and that Congress allocate to the appropriate IHS units sufficient funds to provide the needed specialized kidney treatment.

STATEMENT OF MRS. ANITA JANIS, PRESIDENT, LITTLE WOUND SCHOOL BOARD

My name is Mrs. Anita (Penny) Janis. I am President of the Board of Directors of Little Wound School, Kyle, South Dakota. Accompanying me is Mr. Bat Pourier, a member of the Board. The Board is seeking an add-on of $1,170,400 to the Bureau of Indian Affairs (BIA) FY 1983 Budget for the construction of seventeen (17) two-bedroom housing units to accommodate the teaching staff.

Background

Little Wound School, a former BIA facility, is currently operated by the community under a contract negotiated with the Federal government in 1977. Our School was the first community-controlled school to continue its contractual arrangements with BIA under P.L. 93-638, "The Indian Self-Determination and Education Assistance Act", following implementation of that historic statute.

Little Wound School is widely recognized for its innovative programs. It works continually to improve and expand its educational system, to individualize instruction, and to offer students solid academic and/or vocational instruction that is relevant from both tribal and mainstream perspectives. The School has placed a priority on helping the students gain a better understanding and appreciation of their own cultural heritage. We believe that once an Indian youngster gains a positive self-identity as an Indian person his opportunities for a beneficial academic experience are enhanced.

Construction Needs

The wholesome academic atmosphere at the school, the development of a dedicated and competent teaching staff and the real involvement of community people in helping to chart the direction of the program at Little Wound School have all contributed to an influx of students far beyond community expectations. Currently, the enrollment for K-12 is 561.

In recognition of the pressing need for a new high school facility to accommodate the growing enrollment, Congress approved an add-on of $6,755,000 to the BIA's FY 1979 budget for construction of a 400 student facility. BIA officials contended these funds would be adequate to construct twenty-two (22) staff housing units. However, the Board during testimony before Congress in April 1978, stated that, "While the $6,755,000 would be adequate to construct the high school facility, such funds, based on our architect's estimate, would be inadequate to support the total construction program proposed by the Board, including the 22 staff housing units."

Construction Conflicts

Mr. Chairman, a prolonged debate between the Board and the BIA regarding our legal right to contract for the planning, design and construction supervision covered a considerable period of time resulting in an inordinate delay in start-up of the school project and, even worse, a loss of dollar value of the appropriated funds through inflation.

Our right to contract for specified aspects of the project was ultimately resolved, however, we continued to point out the inadequacy of the funds. Our estimates proved to be accurate, and modifications to the original construction program were required to live within the available funds. The Board made the following concessions:

1. Eliminate the proposed swimming pool;
2. Eliminate the auditorium;
3. Attach the new facility to an old building as an alternative to the original more scenic site; and
4. Reduce the overall number of square feet per student.

After making these adjustments, the BIA was able to construct an apartment, and agreed to a continiung need for seventeen (17) housing units. You appreciate the remote isolation of Kyle, South Dakota where the school is located and the unavailability of alternative housing within reasonable travel distances. Our staff, for the most part, is forced to live in substandard housing because of this deplorable situation.

The Little Wound School teaching staff is recognized throughout the Indian education field as one of the most qualified and creative group of teachers serving Indian children. Because of their professional dedication, they are willing to work and live in an isolated community such as Kyle. Obviously, we must be prepared to offer them decent housing to keep them in our community; we need the 17 units to overcome the staff housing deficiency.

Housing Proposal

In seeking the add-on of $1,170,400, the Board proposes an alternative to total Federal control of the planning, design, construction, and supervision of the seventeen (17) housing units. Our proposal embodies the concept of "Indian self-determination" and will result in such units being built more quickly and more economically.

Basically, the Board proposes that, in addition to approving the add-on of funds, the Committee, through specific legislative language or Committee report mandate, the BIA be directed to contract with the Little Wound School Board for all aspects of the project with exception of final inspection of the completed units for acceptance by the Federal government.

A comparison of costs will reflect the cost-effectiveness of our proposal. BIA officials estimate the cost of seventeen (17) scattered two-bedroom units as follows:

Item		Amount
17 units @ $65,000		$1,105,000
Contingencies @ 10%		110,500
Supervision		55,250
Equipment		10,000
Paving		68,000
	Subtotal	1,348,750
Escalation		200,000
	TOTAL	$1,548,750

The above estimate contemplates construction start-up in the Spring, 1983.

The Board alternative is estimated at $1,170,400, representing a reduction of $378,350 or a 25% savings. Our economy is derived through the cluster town house approach, interior space efficiency, latest energy conservation measures and simplified construction techniques.

Moreover, our estimates reflect cost figures obtained from contractors who are familiar with construction in the area. The estimate also contemplates start-up in Spring 1983, and contains an inflation factor representing that start-up date. Details of the Board's estimate may be found in our architect's report, EXHIBIT I, which we offer for the hearing record or Committee files.

Based on the Board's contractual role in construction of the new high school, together with the experience gained in working with local contractors and architects, we are confident that, through our proposal, the 17 housing units can be constructed more quickly and ready for occupancy than through the time-consuming BIA process. Also, we want to assure the Committee that our proposal will result in the construction of housing that meets federal requirements and standards.

School Construction Priority Ranking System

It is our understanding that the priority schools and associated staff housing are funded as a single package under the ranking system implemented by BIA in 1978. Since our original appropriation was eroded by inflation due to the controversy over the contract and precluded funding of all housing needs, we are hopeful the Committee will agree with our contention that Little Wound School's construction program is incomplete and move to correct the situation.

Water and Sanitation Needs

The Indian Health Service (IHS) has provided the Board with revised estimates for an expanded water supply and sanitary waste disposal system for the Kyle community. The IHS report calls for $252,000 to upgrade the system. We are adamantly opposed to incorporation of their estimate with the Board's proposed staff housing project since IHS's report addresses the inadequacy of the total community system.

We ask the Committee to query IHS officials on this matter during their appearance at FY 1983 budget hearings. We are hopeful such a dialogue will lead to a resolution of water and sanitation problems at the Kyle Community. A copy of the IHS report designated EXHIBIT II is offered for the hearing record or Committee files.

Conclusion

While ever mindful of the intense competition for federal funds and the need to stabilize federal expenditures in face of adverse economic conditions, the Board is hopeful the Committee will view our request as justifiable and provide the desired funds. Our proposal gives recognition to such factors and offers a cost-effective approach for construction of the necessary housing. If the requested funds are approved by the Committee, the Board will exercise stringent bidding procedures in selection of the architect and contractor to achieve the economy projected in our proposal. Finally, the Board is willing to view our proposal as a prototype, and would be prepared to submit interim and final reports to the Committee on this matter.

STATEMENT OF STANLEY G. JONES, SR., CHAIRMAN, TULALIP TRIBES OF WASHINGTON

My name is Stanley G. Jones, Sr.; I am Chairman of the Tulalip Tribes of Washington. My statement addresses the Tribes' needs in the FY 1983 budgets of the Bureau of Indian Affairs (BIA) and the Indian Health Service (IHS).

The Tulalip Reservation is located approximately fifty miles north of Seattle adjacent to a major roadway. Out of a current enrollment of 1,348 850 members reside on the Reservation. The lack of adequate housing precludes more members from residing on their tribal homeland.

Mr. Chairman, the Tulalip Tribes have experienced two sharp reductions in funding sources that have had a negative impact on our social and economic goals. These are: (1) loss of revenue through the sale of cigarettes due to a recent Supreme Court opinion declaring the sale of tax-free cigarettes illegal on reservations in the State of Washington; and (2) loss of funding sources due to President Reagan's "economic recovery" program calling for substantial reductions in federal expenditures in FY 1982.

With respect to the former source of income, the Tribal leadership over the years made generous contributions to various social and economic efforts designed to improve the well-being of our people. We conservatively estimate such annual contributions amounted to $300,000 and can no longer be subsidized by the Tribes. With respect to reduction of federal expenditures on FY 1982, we have been negatively impacted by the elimination of CETA public service jobs, reductions in the Community Health Representatives Program, elimination of the Economic Development Administration's Indian Desk and a general tightening of a wide-range of national entitlement programs serving all citizens, including Indians.

Notwithstanding the dual reduction of funds, the Tribal leadership has embarked on an ambitious program to optimize the development of our natural resources--fisheries, timber, commercial and residential lands--for the benefit of our members. Illustrative of such efforts is a major commercial/shopping complex to be located adjacent to Interstate 5, a major highway; we anticipate the complex will be operative in March 1983. Also, we recently renegotiated a long-term lease with Boeing Aircraft to continue the use of 1,370 acres of the Tribes' land for a jet engine test site.

While these developments will create some jobs and income for our people, we must continue to look to both the BIA and IHS for a substantial portion of social and economic needs.

Turning to BIA activities, we were encouraged to note the inclusion of a $10 M item in BIA's FY 1983 budget to finance economic development ventures. Such funds we are told may be used for: (1) initiating business development of natural resources; (2) encouraging private sector involvement; and (3) promoting sound business principles. With the elimination of the EDA Indian desk, tribes no longer have access to their grants and loans for planning, technical assistance, capital financing and evaluation in connection with economic development ventures.

We certainly do not view the BIA's modest $10 M request as a substitute for the former far-reaching EDA Indian efforts, and would recommend the Committee increase this amount substantially to make up, in part at least, for the elimination of funding through EDA's Indian Desk.

The Tribes request that funds be added to the Bureau's budget and specifically earmarked for our reservation in the following categories: Planning Department (Development) - $112,500; Forestry - $160,000; Fisheries (boats, gear, enhancement, management, etc.) - $400,000; Johnson O'Malley - $50,000; Vocational Education - $130,000; T/A for Business Enterprises - $140,000; and Environmental Quality Services - $60,000.

In the area of IHS, we were discouraged at the Administration's failure to request funding for the CHR Program, and recommend that funding for this program be increased to fund our reservation program at the FY 1981 level of $80,000. Equally discouraging is the Administration's failure to request funds to enable IHS to provide water and sewage facilities for HUD and BIA financed homes in various stages of construction. Such funds, we are reliably informed, should be appropriated in the amount of $70 M to service such homes in FY 1983.

Mr. Chairman, members of the Tulalip Tribes who require hospital and medical care must seek IHS authorization through the Puget Sound Service Unit's Contract Health Care Services. Such funds are limited and IHS officials require our members to utilize other entitlements before approval of expenditures from their contract funds. In FY 1981, $1.3 M was allocated to the Service Unit, and, in spite of documented needs, $300,000 of this amount was returned to the IHS's Portland, Oregon Area Office for redistribution to other service units. We have been informed our allocation for contract care for the current fiscal year has been set at $1.5 M. We request the Committee to mandate IHS to utilize such funds in our Service Unit rather than transferring a substantial portion to other Service Units who we presume have overspent their allocation. Also, we request you to query IHS officials on the national need for contract health services funds to meet Indians' hospital and medical care needs and to increase their budget accordingly for FY 1983.

Mr. Chairman, our tribal health staff maintains valid statistics reflecting the need for improved and strengthened programs in the areas of preventive health, family planning, vision services, alcoholism, dental services, mental health services, elective surgery and increased funding for the tribally-operated health clinic. As a means of reordering priorities to such activities, we ask the Committee to impose a 10-15 percent reduction on IHS administration at all levels--headquarters, area offices and service units--and to transfer such savings to curative and preventive programs to expand necessary services for Indian people in FY 1983.

We are hopeful you will give our views and recommendations serious consideration.

STATEMENT OF DELFIN J. LOVATO, CHAIRMAN, ALL INDIAN PUEBLO COUNCIL

Mr. Chairman and members of the Committee, thank you for allowing me this opportunity to present testimony. My name is Delfin J. Lovato, Chairman of the All Indian Pueblo Council comprised of the Pueblo Tribes in New Mexico.

In our brief testimony today we hope to reflect the serious concerns of the Pueblo people and the deteriorating social-economic conditions in most of our Pueblo reservations as a result of budget and policy decisions by the Bureau of Indian Affairs (BIA), the Department of Interior, and other agencies. We hope to impress upon the Congress of the United States what this Administration's policies and budget reductions in key Indian programs has done, and will do to the past twenty (20) years of progress in Indian affairs. Lastly, we hope to reflect the social turmoil and frustration which exists as the result of 60% unemployment on some Pueblo reservations with little or no hope.

As loyal and patriotic Americans, the Indian People of this country, have always been willing to bear their share of the burden and responsibilities in time of need, however, we are convinced that Indian programs cannot survive further budget cuts.

We come before you today to ask this Committee to disallow any further budget reduction in FY'83. While we support the fight against inflation, high interest rates, and support a balanced budget, we cannot accomplish these things over night or at the expense of countless thousands of American citizens. Like other segments of our society, the Indian Community has been hard hit by the budget decision of this Administration. We ask for time to absorb the shock and make necessary adjustments or find alternatives.

Dispite the present budget restraints and policies of this Administration, we will provide this Committee with the customary list of specific unmet needs and projects in the form of Exhibit A and B. We will highlight and limit our remarks to general areas of concern, both within the Bureau of Indian Affairs and Indian Health Service.

A. Program Administration - BIA

1) The proposal by BIA to combine ten (10) separate BIA programs and issue block grants to certain Tribes is of great concern to the Pueblo Tribes. First, due to the multi-Tribal agency set up, eighteen (18) of the nineteen (19) Pueblo Tribes have continued to get the short end of the stick. Every dollar going to the Northern and Southern Pueblo Agency must be divided eight (8) or ten (10) ways respectively. It is therefor impossible for any of the eighteen (18) Tribes to participate in the proposed BIA block grant program. While the concept of direct funding and flexibility is good, the Pueblo Tribes are also concerned with the BIA proposal to go to grants instead of contracts, including the legal implications regarding the Federal Trust obligations.

2) Administrative policy on budget and programs appears arbitrary and unilateral.. Decisions such as consolidation of Area Offices, transfer of Title IV programs from the Department of Education to Interior, and decision to close several off reservation schools are classic examples of this attitude and practice of making major policy decisions without Tribal consultation.

3) While program funds which directly serve Tribes and individuals decrease, the administrative overhead, staff, and other costs continue to rise.

4) As more and more Tribes assume responsibility for program administration under P.L. 93-638, the less contract support funds we get. The indirect cost system which covers administration costs for Tribes administering 638 contracts and grants, is unworkable and will result in eventual bankruptcy for most Tribal Governments. Adequate funds for contract support is vital to the success of any Bureau of Indian Affairs or Indian Health Service 638 contract. We strongly recommend that the $16.0 million the Bureau of Indian Affairs is projecting to save in overhead cost in FY'83 be channeled to assisting Tribal Governments and their indirect cost deficits.

B. Indian Education

1) The decision to transfer certain Department of Education programs to the Department of Interior at this time is unwise and unwarranted. BIA Education is presently without a director and the BIA Education has not accomplished its mission as mandated by Congress in P.L. 93-561. The transfer comes with a $20 million reduction. We strongly recommend that while such a transfer may appear harmless, now is not the time to do it. We ask that this Committee restore funding for Title IV to its FY'82 funding level of $9.0 million.

2) The decision to close the Southwestern Indian Polytechnic Institute (SIPI) located in Albuquerque, New Mexico is unwarranted and unjustified. We strongly request the Committee to restore funding for SIPI at the FY'82 level and there by allow time to fully develop alternatives which are being considered by Tribal Governments, private industry and several State institutions. Closure of SIPI in FY'83, without a doubt, will result in harm to the students and result in avoidable waste and expense.

3) We strongly request that the Department of Education grants to schools be funded at the FY'82 level and disallow the $14.9 million this Administration is proposing to cut.

C. Aid to Tribal Governments

Tribal Governments have been hard hit by cuts in the Department of Labor, Bureau of Indian Affairs and HUD. Funds such as CETA provided supplemental funding for much needed Tribal projects. We strongly recommend that this Committee support efforts to get funding directly to Tribal Governments. One such effort in FY'81 never got out of the Senate (S.1088). We strongly request that any funding effort for Tribal Governments be funneled through the Office of Native American Programs in the Department of Health and Human Services.

D. Facility Management

1) The All Indian Pueblo Council is presently administering a Junior Senior High School Program for approximately 475 students on the Santa Fe Indian School campus located in Santa Fe, New Mexico. Funding for Plant Management in FY'79 was approximately $750,000. with only 40% of the campus in use. Funding for the school plant operation has virtually stayed the same in FY'80 and FY'81, with 100% of the campus in use. This amount does not cover inflation and increased utility costs. We are in desperate need of funding increased to

$1,000,000 to allow for renovation, minimum maintenance, and meeting safety requirements.

E. Irrigation Construction

The irrigation construction needs of the Pueblo Tribes continues to grow while funding has been at a standstill. The Pueblo Tribes are presently making every effort to develop their water usage through increased farming and range development. We strongly request that funding for irrigation construction at the Southern and Northern Pueblos Agency be increased to $10,000,000 over each of the next five years. This Administration's effort toward quantification of Indian water rights makes this effort a priority for all Indian Tribes.

F. Statute of Limitation

The Pueblo Tribes are in need of an additional $400,000 in FY'83 in order to complete the completed documentation of third party trespass in New Mexico. As the resent hearings by the Administrative Practices Sub-committee of the House Judiciary Committee points out, the Bureau of Indian Affairs and the Justice Department are far from completing the necessary work needed to make their report to the Congress.

G. Indian Health Service Budget

FY'83 budget figures for Indian Health Service (IHS) are unavailable to us at this writing and we are unable to respond adequately to the Administration's effort in this area. Needless to say, the health needs of the American Indians continues to fall below that of most Americans. We ask that this Committee make every effort to provide the necessary funding to provide for minimum standards of health care for American Indians. Increased funding to meet inflation costs, higher utility costs and increased costs in Contract Medical Care is vital to the continued health care of the Pueblo people.

Mr. Chairman and members of the Committee, in closing we again ask that funding for the Bureau of Indian Affairs, Indian Health Service and Indian Education be maintained at no less than the FY'82 level. Further decreasing funding for these important agencies will be devastating to Indian programs and cause more suffering among Indian people in general.

Thank you.

STATEMENT OF GARY W. PETERSON, COMMISSIONER, POINT NO POINT TREATY COUNCIL

Mr. Chairman, members of the committee, thank you for the opportunity to testify today. I am speaking on behalf of the Treaty Council and its four member tribes, located on Puget Sound in Washington State. Larry Rutter, Fisheries Enhancement Biologist for the Treaty Council, is with me to help answer any questions you may have regarding our testimony.

We are here today to testify on the Department of Interior, Bureau of Indian Affairs budget: Specifically, part D, element 5790 Fisheries, Wildlife and Parks; Program title: Washington Fishing Rights. Location: Bureau of Indian Affairs Portland Area Office. For FY83 we are programmed at $190,000 for hatchery operation and maintenance and are requesting an increase of $168,889.00.

The Point No Point Treaty Council was formed by our tribes over seven years ago. We felt that by combining and centralizing our programs we could more efficiently respond to the conditions required of us to implement the various court orders associated with U.S. v. Washington; conditions such as securing competent biological staff, maintaining enforcement programs, and establishing current membership rolls. I believe that our organization has been successful in meeting the challenge of managing our part of the fisheries resource.

Mr. Chairman, we are here today specifically to address the problem of fisheries enhancement. As you know, U.S. v. Washington has had an extensive, complex history; one of great importance to all the people of the Northwest. Regardless of the controversy and management disagreements in the state, after the rhetoric subsides, there always remains one very significant point of agreement: The continued viability of the Northwest fishing industry depends largely upon successful, well-planned fish enhancement programs.

We cannot turn our backs on the fishery resource. The rivers and streams of the Northwest can no longer sustain our fishing industry without our help. We cannot tear down all the dams; we cannot undue all the damage caused by logging, urbanization, and industrialization.

We have been doing our part, and want to continue doing so. Our Treaty Council operates three hatcheries in our area. These hatcheries represent a significant capital expenditure, and we think they make a significant contribution to the fishing industry. Unfortunately, as I speak here today, members of our staff back home are working on options for dismantling our program. Should we give up on our Elwha River and Skokomish River steelhead enhancement? Should we pull out of our cooperative agreement with the Washington Department of Fisheries to raise coho salmon for release into Hood Canal? Should we cancel our chum salmon program at our Enetai Hatchery, even though last year it was probably the most successful chum hatchery in the state and was able to provide eggs to the U.S. Fish and Wildlife Service for its nearby Quilcene National Fish Hatchery?

We find ourselves in this position because our basic hatchery operation and maintenance funding which is contained in the Fisheries Wildlife and Parks element of the budget of the Department of Interior, has not increased one penny above the $190,000 we received for FY78, and is apparently scheduled for the same amount in FY83.

To further compound the problem for the resource, the state of Washington is also struggling with budget problems; they are also cutting back and in some cases eliminating hatchery programs in the state and in our area. They may need to make more cuts in the future.

So far, we have been able to maintain our production levels by supplementing our O & M funding with funds diverted from our management programs, but this practice is no longer possible. We are already operating as efficiently as we can.

As far as we know, ours is the only program in the case area which is scheduled to receive in FY83 the exact same budget provided in FY78. Our actual hatchery O & M needs in FY83 amount to $358,889.00, which is $168,889.00 over the amount tentatively scheduled for us in the present budget. We strongly urge that this committee consider our request for $358,889.00 to continue to operate our programs for FY83. Thank you for your consideration on this urgent matter to our Tribes and the fishery resource in the state of Washington.

STATEMENT OF THE BILLINGS AMERICAN INDIAN COUNCIL

This testimony is presented on behalf of the Billings American Indian Council Health Program and Outpatient Clinic an Urban Indian Health project funded under Title V, Public Law 94-437, the Indian Health Care Improvement Act.

The outlook for continuing to provide health care services for the Billings Indian population is seriously jeopardized due to federal cut-backs and the failing safety net theory. It is the position of the Billings American Indian Council that the Federal Government has a trust responsibility and obligation for providing health care to all eligible American Indians, regardless of where they reside. The Billings American Indian Council recommends the restoration of, and a 9 million funding level for Title V, Public Law 94-437, Indian Health Care Improvement Act, Urban Indian Health for FY'83.

The overall goal of the Billings American Indian Council Health Program and Outpatient Clinic is to provide the Indian residents of Billings, Montana with direct and indirect quality health care by making available primary medical care, outreach and referral services as well as providing health education.

As a phase III project we offer the Billings Indian Community primary medical care, preventive health care, telephone physician consultation, filling of prescriptions, client transportation, appointment making, specialized secondary care referrals, and other outreach services, that directly or indirectly relate to health.

Approximately 5,000 Indian people, representing 50 tribes, reside in the Billings Area. It is becomming evermore apparent the Health Program and Outpatient Clinic are under-funded. In order to keep up with the ever increasing service population and maintain the quality of care to 2,500 patients, funding must be continued and increased. The current annualized budget of the Health Program and Outpatient Clinic is $82,000.

During FY'81 there were 2,699 visits to the Outpatient Clinic. This was an average of 224.91 visits per month; 27.26 patients per clinic and 6.81 patients per hour. A total of 2,858 prescriptions were issued and 377 laboratory services provided. The Health Program alone had 4,515 service contacts. The patients utilize the clinic the most are infants preschoolers, students, unemployed and mothers, which is 75.42% of our total clinic registration. The services we provide have made health care more accessible to the Indian people living in Billings, Montana.

The Billings American Indian Council representing the Billings Indian Community, and statistical data compiled by the Health Program and Clinic staff reflects the need for continuing to provide health care services. The services are of vital importance of the treatment and prevention of acute and chronic diseases of the Indian people of Billings who cannot afford health care. In maintaining statistical profiles of individual Indian patients served by the Outpatient Clinic, it has been shown that a shocking 85% of the patients do not have any medical insurance. The unemployment rate of patients is 30.66% while the city of Billings maintains an unemployment rate of 7%. The patients monthly average income is only $387.89 (4,654.08 per year) which compares to the American median income of $9,450 per year. American Indians have the poorest health status and lowest life expectancy of any group in the United States. The Indian infant mortality rate in Yellowstone County, (which includes Billings) is 27 per 1,000 live births and 17 per 1,000 live births for non-Indians. The national suicide rate for Indians is 32 per 100,000 as compared with a national average of 16 per 100,000.

There have been many beneficial results with the establishment of the Health Program and Outpatient Clinic. The Indian patient can receive primary medical care in which 90% of all medical needs can be addressed at the clinic.

The Health Program and Outpatient Clinic have developed active linkages and networking with other health and social service providers throughout the greater Billings Area which is extremely effective. The outpatient Clinic rents space in the Yellowstone City-County Health Department Building. Located in the same building are Family Planning; Women,Infant and Children Program; Well-Baby Clinic; School Nurse Program; County Public Health Nurse Program and Mental Health Services. This arrangement allows the Outpatient Clinic to continously consult with these providers regarding the health status of the Indian patient as well as to assure recommended follow-up services are received. The Outpatient Clinic contracts with a private physician who is board certified in Family Practice and has over ten (10) years of experience; much of which with Indian populations. A licensed Registered Nurse assists the physician. The Health Program staff manages the medical records, data collection, transportation, patient advocacy and other health related activities.

The Health Program and Outpatient Clinic operates a cost effective, highly productive, and unduplicated health care delivery system according to an evaluation performed by a private firm in 1980. The best example of the cost effectiveness is the patient visits. The cost per visit to see the physician at the Indian Outpatient Clinic is $8.54. This is compared to the cost per visit to see a private physician in Billings, which is $24.00 per visit. By providing services to the Indian population of Billings were preventing costly and often unnecessary doctor, emergency, and hospital bills the average Indian patient could not afford to pay - thus someone else pays.

The Safety Net Theory is Failing

The Health Program and Outpatient Clinic sent out 120 proposals to private foundations throughout the nation, also sent were 64 requests for funding to private businesses, banks and churches within the city of Billings. Out of the 184 requests, two were positive responses and are awaiting decisions to partially fund the Outpatient Clinic.

The following are some prime examples of how the safety net is failing.

- Within the State of Montana the Urban Indian Health Programs are not eligible for any of the State block grants.

- After February 2, 1982, Indians, Veterans and the Mentally Ill will not qualify for Yellowstone County medical assistance program. This includes the city of Billings.

- Out of the 64 requests for funding sent out within the City of Billings, only one responded and that was negative. The other 63 did not bother to respond.

- The unemployment rate for the City of Billings averages less than 7%, 46% of the adult Indian population is unemployed.

Any budget cuts or phase outs will have an adverse affect on our already under-funded program, the services it provides, and most importantly the patients. The Indian people utilizing our services 2,125 have no medical insurance. These patients when ill will be hospitalized unable to pay the doctor and hospital bills.

Prior to establishing the Health Program and Outpatient Clinic the majority of the Indian people simply went without medical care. Because of unaccessibility and financial burdens, Indian people surviving on limited resources held little priority for health problems unless they became life threatening. The Outpatient Clinic and Health Program have enabled the Indian people in Billings, Montana to obtain medical attention and practice preventive health care. The Indian people in Billings do have an interest in their health and maintaining a good health status. Although there are many unmet health needs of Indian people, at least now they do have an opportunity to seek the medical attention they deserve through the programs under Title V, Public Law 94-437, Indian Health Care Improvement Act.

To reiterate the Billings American Indian Council's position, the federal government has a responsibility of providing health care to American Indians regardless of their residence. Also to reiterate the Council's recommendation of restoration of, and a 9 million funding level for Title V, Public Law 94-437, Indian Health Improvement Act, Urban Indian Health, for FY'83. These funds are needed to meet the medical needs of the Indian people and bring them up to health parity with the rest of the United States.

STATEMENT OF GERALD NAILOR, GOVERNOR, PUEBLO OF PICURIS

The Picuris Tribal Council expresses its most vital concerns for the continuation of the Community Health Representative Program, here at Picuris Pueblo. Strong support of the health care program has been a top priority among tribal residents of Picuris Pueblo. We as tribal leaders will continue this endeavor, and try to respond to the health needs of tribal residents.

Through continued cooperation and support by tribal leaderships, we will be able to meet our goals and objectives, and that is to insure the best of medical and health services to our young and old of Picuris.

Picuris Pueblo, being isolated from medical services, has always had difficulty in meeting the health needs of its residents. We urge continuation of the Community Health Program. Please consider this very important request.

STATEMENT OF REGINA A. QUANCHELLO, COMMUNITY HEALTH REPRESENATIVE, SUPERVISOR, PICURIS PUEBLO

First of all I would like to Thank you for the efforts in supporting the Community Health Representatives.

In behalf of the Picuris Tribal CHR Program, and the people we would like to have you emphasis on our Isolation and Health care facilities which are located a long distance from the Pueblo. The nearest as you are aware Indian Health Clinic is in Taos Pueblo, which is located 38 miles north of Picuris. IHS Hospital is located in Santa Fe, New Mexico, 68 miles away from the Pueblo. Along with the Isolation, we have difficulties receiving care and services in emergency situations and even routine care because of the location in the Mountainous Area.

This are some of the (many) reasons why the Pueblo of Picuris and its People, feel and know that it would be impossible to operate and or continue the CHR Program with the CHR funding and personnel will definitely hinder the services provided now and will certainly put back all present health care for the people 10 to 15 years back.

- will not progress-
- defeats the whole purpose and intention of the CHR Program and that is to service the people old, young, and future.

Thank you again and also for your Continous support with the CHR Program and for the well being old,, young, and future.

STATEMENT OF ANTHONY YEPA, HEALTH SERVICES DIRECTOR, FIVE SNADOVAL INDIAN PUEBLOS, INC.

Transmitted is the testimonial of the Five Sandoval Indian Pueblos, Inc., from central New Mexico. The tribes of Jemez, Zia, Santa Ana, Sandia and Cochiti desire to have this promulgation be made part of the congressional record on behalf of the Community Health Representative Program.

Again, we emphasize the importance and impact the CHRs have on the health status of the Indian people as they are the sole medical providers residing in our "medically underserved" communities. As requested by the five tribes, we ask for your proper consideration in achieving this basic right to health care.

This presentation is being submitted by the Five Sandoval Indian Pueblos consortium reflecting on the proposed phase out of the Community Health Representative program in FY 83. The consortium comprised of the Cochiti, Jemez, Sandia, Santa Ana and Zia Pueblos is located in medically underserved Sandoval County in central New Mexico. Collectively, the tribes wish to express their concern by three basic premises which will promulgate the position of the Five Sandoval tribes.

Premises

1) Undisputely, the CHR program renders the most cost effective, direct and indirect health care delivery service that is excessible and unquestionably accepted by the pueblo people.
2) The CHR program is culturally aware and sensitive to the health needs and problems of each pueblo as manifested by being basically the focal point of all health and social programs in the respective pueblos.
3) As it is the intent of the Indian Self-Determination Act, the CHR program is the only health care delivery service totally controlled and administered by each tribal entity.

The CHR is a title that is misleading in itself. Since the inception of the CHR program is has grown from community outreach services to direct health care services. For the amount of money spent on training significant and measureable advances and services have been provided in return.

The cost effectiveness is demonstrated by various factors such as direct charges in the total budget. The total amount of the CHR contract budget is only 22% of the total outcome medical services that are being provided by the CHR program. This is evidence by taking the following example:

The total FSIP FY 82 CHR Budget	$ 226,753
The total amount if a dollar value was placed on all CHR services rendered in FY 82 alone	$1,216,588

Further, some facts that reveal the cost effectiveness of this program are:

1) The average salary of the FSIP CHR is $10,358/year (a 18% difference in salary if compared to comparable IHS positions).

The CHRs provide approximately seventy percent (70%) of direct health care services. In some cases certain specialized positions are the only providers available to Indian communities because of the minimal care that is being provided by the Indian Health Service. The community health clinics manned by the IHS should support the need for the para-professional CHR in the local community. The clinic hours accessible to smaller tribes indicates the amount of direct health services available to tribal members. The pueblos of Santa Ana, Cochiti and Sandia have general medical clinic approximately 2½ hours per week. This translates to 10 hours per month of community medical care from IHS. That means ten hours per month for 582 members (average of the three tribes). Dental services time does not deviate much from general medical time. The doctor/nurse shortages has labeled the county as being "medically underserved". These two examples show that the CHR is the only medical provider available to the tribes after the "clinic" hours. Being residents of each community they are available on a 24-hour basis. During this time they are the only medical providers or resource available. The statistics highlighted below reveal the importance, variety and magnitude services that the CHRs provided in FY 81:

	Total
Home visits	4,548
Emergency Medical Responses	360

	Total
Patient Assistance in Clinic (patients seen) Pre/post-natal, Well Child, WIC	2,952
Dental Services	
Orthodontic patients	600
Examinations	312
Fillings/extractions	504
Crown and bridges	168
TOTAL PATIENTS	3,360
Optometric Patients (Glasses prescriptions, repairs, adjustments, orders)	792
Sanitation Services	120
Screenings (Diabetes, Hypertension, Rabies, ear, etc.)	384

This summarizes a few of the direct services provided within the year.

Major categories of indirect services:

-Health Education Presentations	636
-Agency/tribe liaison service	120
-Medication Refills/delivery	72
-Appointment set-up	584

The Emergency Medical Technicians are certified para-professionals recognized by the State in the delivery of emergency medicine. Due to the remoteness and inaccessibility to tertiary care facilities of the pueblos, the EMTs are the sole emergency medical providers to meet the demands for Indians and non-Indians. Two tribes already employ ambulances for emergency transport. During FY 1981 the EMTs have responded to 360 calls combined.

The Dental CHRs serve in the equivalent capacity of dental assistants with chairside responsibilities. They assist in surgical as well as routine dental care, orthodontic and endodontic care.

The Optometric CHR an equivalent to a Optometric Technician, repairs, adjusts, and measures glasses. Provides vision screening, audio metric services and health education on the specific subjects to community members.

The Maternal Child Health personnel have on several occasions delivered babies. They could rightfully serve as pediatricians during the times when licensed medical personnel are not available.

The CHR/Generalists are the most versatile medical providers with no particular specialty. The generalist performance range from a nurses' aide in the clinic to health educator.

Many of the outpatient services are documented in various reports by the CHRs. Health, being a culturally sensitive issue with the pueblo people confirms the need for these para-professionals as enumerated by the following facts:

1) The CHR is hired, trusted and supported and accepted by the local community members.
2) The CHR is always an Indian who resides, in the pueblo.
3) The CHR speaks the language, lives and understands the Pueblo way of life.
4) The CHR knows most community members by name and has a professional insight to medical, social, community and Indian problems and priorities.
5) The CHR is informed of the Pueblo healing ceremonies, cures, and medicine men.

These "undocumented" characteristics of the CHR enhances their effectiveness, efficiency and importances in each community.

The CHR program is the focal point of almost every health and social services program that attempts to establish or is established by county, state, federal and private agencies in the reservations. From a medical perspective the CHRs are usually appointed as liaison in tribal/agency transactions. Serving in this capacity the CHRs assist by:

-translating
-identifying patients, members
-providing information
-maintain follow up
-provides services
-scheduling meetings

The success of most programs depends on whether the agency has communicated with the CHRs in order for tribal members to accept and support a program. Some of the programs using CHRs as key community contact staff are enumerated below:

1) Health/Medical
    a) Indian Health Service - 80% of IHS hospital patients have in one way or another been referred by the CHR program. All IHS programs use the CHR staff in one form or another (hospitals, clinics, mental health, alcoholism, environmental health, social services, etc.).
    b) Bureau of Indian Affairs programs must utilize the CHR staff. State Welfare Agencies, Social Services Agencies (Food Stamps,

Adoption Agencies, Residential Treatment Facilities, AFDC).

State Bureaus - Health and Human Services, (EMS, Health Education, EMS, Drug Abuse, Substance Abuse, Research Projects, Epidemiology, Sanitation, etc.).

c) Private Research Organizations, Area Hospitals, Nursing Agencies.

The CHR program is for the most part administered by the tribes themselves. They have direct control over its delivery or services, planning, coordination, and overall management. As it is the intent of congress to enact the Indian Self-Determination Act, the CHR program has been an health service program where the Act has been applicable extensively exercised.

In summary, the CHR program is an acceptable, accessible and affordable health delivery system administered by the tribes themselves. Therefore, with the aforementioned facts presented the Five Sandoval Indian Pueblos purposes to maintain and strengthen the CHR program by the following positions:

1) The CHR program not be phased out of the IHS budget in FY 83.
2) The CHR program be placed under clinical services in the overal IHS budget.
3) The CHR program maintain funds at FY 81 levels.
4) The ineffectiveness of the CHR program in isolated parts of the country does not justify jeopardizing the successful program as demonstrated by the Five Sandoval Indian tribes.
5) In the event that the program is phased out of the IHS budget, that a separate appropriation be made for direct funding to the tribes.

STATEMENT OF ROBERT G. PHILBRICK, CHAIRMAN, CROW CREEK SIOUX TRIBE

My name is Robert G. Philbrick, I am presently the Chairman of the Crow Creek Sioux Tribal Council, which consists of six Council members and a chairman. Seven members of the tribal overnment are elected every two years. The present Crow Creek Sioux Reservation covers about 290,000 acres of land located on the east side of the Missouri River. The river area is now called Randall Dam. The Big Bend Dam is located between the Crow Creek Sioux and the Brule River Sioux Reservation. The Size of the original reservation covered roughly a line from the mouth of the White River on the east side of the Missouri River to a line near Sioux Falls, South Dakota then a line north to Aberdeen, South Dakota, then back west to the Missouri River to a line near Pierre, South Dakota. Also, the elders of the Crow Creek told me the center of the main channel of the Missouri River was the dividing line between Crow Creek and the western part of South Dakota.

The Crow Creek Sioux lost most of the timber land along the Missouri river, also, their best farm land and home sites. The Tribe never did fully recover from the loss of their lands to Fort Randall and Big Bend Dams - something like over 40,000 acres of prize land and timber. The Corp of Army Engineers told the tribe that the tribal members would benefit greatly from these two dams. So far nothing has been realized, although the fishing and boating recreation attracts many citizens of the county. The State of South Dakota claims they have all jurisdiction on and in the waters of the two dams, so the tribe does not receive any income from the recreation facilities. The state of South Dakota claims all the water in all dams built by the Corp of Army Engineers in the state. The tribe feels that only Congress can get back what once belonged to the tribe. If the Crow Creek Sioux is expected to be self supporting and self sufficient Congress must pass laws to enable all tribes to be self supporting. So that the once proud race of people can take their place in the present day society. I'm sure all Indians in America want their freedom and to keep their culture as long as possible.

The Picks Sloan plan of the 1940's made a study of the Crow Creek Indian reservation as far as irrigation was concerned. One of the largest pumping stations along the Missouri river was planned for an irrigation system. The system was located near Fort Thompson, The Crow Creek Sioux Tribe is now asking Congress to help the tribe develop this planned project. Several thousand acres of land can be bought back in the name of the tribe. There is some of the best farm land in the country in the state of South Dakota. The tribe needs help from Congress in terms of money to develope their lands and money to purchase more land. The tribe feels that they would like to be treated like the countries that receive money from Congress for the development of their foreign countries. The tribe needs this to be able to be self supporting. The money could be in the form of a long term loan with a low interest rate.

The Crow Creek Sioux Tribe not only lost land, timber and part of their livelyhood but also a agency called Fort Thompson, which had a hospital, Doctors and nurses quarters, grade school and high school system, a water and electric plant as well as a Community building, homes and large garages, etc. The tribe would like these building replaced for the use of the tribe.

Since the Crow Creek Sioux tribe did not except the Wheeler Howard Act, they did not receive any money for lands, cattle, etc.. All land that the tribe now buys is a loan from Congress through the FHA program.

The tribe needs funds for a Game and Wild Life Management Program. The BIA has approved $15,000.00, however the funds are not available. The Tribe needs help from Congress on this.

The BIA has also approved $550,000 for present operations and additional irrigation pivots. Again, the funds are not available and the tribe needs help from Congress on this.

The Indian Health Service has proposed in the FY '83 budget to build a clinic at Fort Thompson. At the present time we are using a converted house for this purpose without any facilities for in-patient care until the patients can be moved to Pierre, South Dakota, where we have contract care. The Tribe desperately needs this clinic.

The tribe needs 8 million dollars for a agriculture program. Ken Smith, Assistant Secretary for Indian Affairs has verbally agreed to fund 1 3/4 million for the project - the tribe needs funds for the rest of the 8 million.

STATEMENT OF FATHER ROBERT C. ALLANACH, OMI, CONCHO INDIAN SCHOOL

Greetings, Mr. Chairman, Concho Indian School was established in 1871 by the Bureau of Indian Affairs as an educational center for the Cheyenne and Arapaho Tribal children in accordance with Treaties.

There has been a significant change in the socio-psychological factors nationally. The Cheyenne and Arapaho Tribes were not by-passed. The break down of the American family in the areas of divorce and separation are well documented. The increase in the diseases, alcoholism, and addiction to other drugs is on the increase. The Cheyenne and Arapaho Tribes have the highest alcoholism rate of all ethnic groups in the world. These factors have contributed to an increase in the psychopathology of young Native American children. The etiology appearing more significantly in the adolescent student. Concho School changed its mission to meet the needs of its people. Presently, 80% of the students at Concho have been referred because the family was dysfunctioning or because of the isolated psychopathology of the student. Modern psychological theory (CF Systems Theory) offer convincing evidence that often students are, in fact, mere symptoms of a dysfunctioning family. Schools such as Concho offer a much needed alternative to that unhealth family or inevitable incarceration.

Most Native American students prior to Johnson-O'Mally Act (P.L. 93-638) were forced to enroll in BIA sponsored Boarding Schools. This was neither desirable nor psychologically healthy. Shortly after Johnson-O'Mally, there apparently was a mass exodus from these BIA institutions. At last free from this BIA incarceration, these students were enrolled in public schools, contract or parochial institutions. A percentage, unable to adopt because of unsupportive family units and/or educational staff, were "thrown back" to the BIA Boarding Schools now evangelizing with a new mission to the exceptional child.

There are, of course, many other reasons why children are referred to Concho. Over 60% hail from one parent families, usually that one parent being the mother. Unable to control the off-spring, seeks assistance and guidance from schools like Concho. One mother stated in an interview that she had no food nor could she afford economically to care for her son. Concho was a relief to her and perhaps the survival of her son.

The Cheyenne and Arapaho Tribes have the highest unemployment rate of any group of Native Americans. In fact, these tribes have the lowest income level of all tribes in Oklahoma. If the Concho closure is implemented, where will this mother turn in September.

With the rumors of an apparent closure rapidly becoming a reality, parents and referring agencies began quickly to remove children and hault referrals. Obviously enrollment began to decline. The allegations that schools such as Concho have fallen into disfavor nationally among tribes, thus decline in enrollment, is mere speculation Experience challenges such an irresponsible position on the part of the BIA.

Concho established in 1871, has an untiring respectability in the El Reno, Oklahoma area. Its newly constructed physical plant boasts low maintenance costs and attractive layout. The staff and children respect the real and capital properties as evidence by the structures themselves. There is an obvious potential for the utilization of the Concho structures as a specialized school and training site for many area Universities and Colleges.

It has been alledged that the Reagan Administration needs such a closure to make their economic recovery a reality. The cost per cap of students at Concho is one of the lowest within the BIA Boarding School Systems. Alternative placement of such students is unrealistic and economically irresponsible. A group care facility, for fourteen, operated by the Roman Catholic Archdiocese of Oklahoma City, providing only residential services approaches a budget of almost half million dollars per year. State schools now shamefully admit a cost of over $15,000 per child. Some foster care facilities cost taxpayers $800 per month with no educational or treatment components budgeted. The availability of slots in these programs is doubtful.

The BIA has ordered closure with little regard for the student. They have naively believed that all students will be adequately placed. The BIA officials have done no planning for placement other than announce it will happen. A professional approach would have been to completely research the possibility of placement prior to any public announcement.

BIA policy orders a pre-consultation with Tribal Representatives prior to any major policy change. To this date, no consultation has taken place. It would appear that the close out of a Tribe's education center would indicate a shift in policy.

Concho School is the only elementary school for Native Americans in Oklahoma. To close the only elementary school, destroying the feeder system to high schools, is a wise choice for a government bureau who consciously wants to "get out" of the education business. Ethically, I question such action.

In conclusion, Mr. Chairman, it must be noted that since the elimination of the APT Evaluation Method in 1968, there has existed no objective method to adequately evaluate schools such as Concho. The BIA has ordered a school to terminate its badly needed educational/residential services with no evaluation whatsoever. Therefore, the decision for closure is both arbitary and caprious on the part of the BIA

The children are beautiful gifts to me personally and I abhor the apparent Federal bureaucratic write off of some 140 children by an agency who by law and promise is obligated to serve them. I beg those in authority to prevent these children from being pawns in the hands of uninformed, uncaring, insensitive individuals.

Letter From Peter MacDonald, Chairman, the Navajo Nation

March 10, 1982

Senator James A. McClure
5229 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Senator McClure:

This letter supplements testimony presented to the Congress at the end of February by the Navajo Nation. We want to take this opportunity to alert you to the need for $7 million in FY1983 funds to continue construction at the Navajo Indian Irrigation Project.

As Vice Chairman Paul indicated, the Navajo Nation was severely impacted by Federal budget reductions last year. Unemployment, for example, has risen from 38% last year to the present staggering figure of 75%. The President's FY1983 budget proposes new reductions which will greatly impact employment, as well as social services, education, tribal services, and health programs.

The Administration has sought to create incentives for growth and opportunity in the private sector. This is a worthwhile goal. Yet this goal can be accomplished best on reservations by direct funding of programs which are tailored to provide the assistance needed to establish a private sector economy. The Navajo Indian Irrigation Project is one example of a Federally-funded project which will create such a private sector economy.

The Bureau of Indian Affairs has spent a total of $215,995,000 on construction of the Project as of September 30, 1981. In FY1982, $9,663,000 is available for expenditure to complete construction on Block 5 and related work. Once Block

5 is opened, a total of 50,000 acres will be irrigated at the Project.

In FY1983, no funds were requested to continue construction at the Project. According to the BIA budget, no funds were requested pending (1) an in-depth analysis of management by the Navajo Agricultural Products Industry (the tribal entity farming the Project) and its long-term profitability, followed by (2) an Administration position on future funding levels.

In recent months, the problems cited above have been resolved. The BIA has agreed to take several steps which insure adequate operational funds for the Project. In addition, a comprehensive report on the management of the Project -- the so-called Heath Report -- has been finalized and accepted by the BIA. This report acknowledges past management problems, but agrees that actions to correct these problems are well underway. The report sets forth a series of actions which are being implemented to improve the management of the Project.

With these problems now behind us, the Navajo Nation places the highest priority on continued construction funding for the Navajo Indian Irrigation Project. We would like to take this opportunity to request the appropriation of $7 million to continue the orderly construction of the Project in FY1983.

We believe far too much has been invested in the Project not to continue construction. The long-term financial stability of the Project depends on the construction of facilities to bring new acreage into production. Without this additional acreage, the Project will not meet its goal of providing an important source of jobs and revenue to the Navajo Nation. Equally important, to halt construction before the Project is one-half finished would represent an abrogation by the Federal government of its legislative commitment to provide a 110,000 acre project for the Navajo Nation. For nearly two decades, the Federal government has taken positive steps to fulfill this commitment. We hope you will help to keep that record intact.

Sincerely,

Peter MacDonald, Chairman
Navajo Tribal Council

STATEMENT OF DONALD JOHNSON, CHAIRMAN, MAKAH TRIBAL COUNCIL

Mr. Chairman, I am Donald Johnson, Chairman of the Makah Tribal Council and I am submitting this statement to request the assistance of your Subcommittee in maintaining the overall level of health care which has been provided by the Indian Health Service to the Makah Tribe. The Makah Indian Reservation covers approximately 44 square miles on the extreme northwest corner of the Olympic Peninsula in the State of Washington. Our reservation is isolated with extremely rugged terrain and we are located approximately 50 miles from the nearest hospital.

In view of this isolation, our tribe is heavily dependent on the health services which are provided by the Neah Bay Indian Health Service Clinic. We object to the extent to which this Administration has proposed decreases in major I.H.S. programs which we believe will result in a decline in the overall health of our people. First, the placement in

June of 1981 of the Portland Area Contract Health Service Program on a "Priority One" service basis has resulted in a sharp decrease in the level of health care provided to our tribe.

Under the foregoing priority basis, health services are furnished to Indian people on an "emergency only" basis which results in a denial of preventive health services and a reduction in the level of health care for illnesses which are not critical. We believe that operating the contract Health Service program on this basis is inconsistent with a recent policy statement by the Secretary of Health and Human Services that the emphasis of the Department in F.Y. 1983 and at the present time will be on "wellness" and on preventive health and health promotion.

Our I.H.S. reservation clinic has also experienced severe difficulties in the last six months in obtaining drugs from the I.H.S. central warehouse in Portland, Oregon. During F.Y. 1981 we were able to obtain virtually all of the drugs necessary to stock the I.H.S. clinic adequately. During January of this year we were only able to obtain approximately 68 percent of the drugs needed to treat Indian patients on the reservation. We purchase approximately one-third of our drugs, therefore, on the open market to meet the health needs of our reservation patients. This shortage of drugs threatens the overall health of our people and is exceedingly costly to the government, since drugs purchased in the open market are priced higher. We request that the Subcommittee direct the Indian Health Service to remedy this drug shortage in the Portland Area immediately.

We strongly object to the proposal by the Administration to eliminate the $28,800,000 Community Health Representative program in F.Y. 1983. This program is managed and carried out by our tribe pursuant to a contract with the I.H.S. and includes five persons trained in emergency medical care and health care for the elderly on the reservation. Our C.H.R. personnel also provide transportation services to tribal members to urban hospitals to receive dialysis treatment and other kinds of therapeutic treatment which are not available on or adjacent to the reservation.

The elimination of the C.H.R. program would impose severe hardships on our tribe. For example, our ability to provide effective health crisis intervention service would be diminished sharply and our health service to the reservation elderly in their homes would be correspondingly reduced. We are barely managing to provide the foregoing services now in view of the fact that our C.H.R. contract has already been cut 17 percent during this fiscal year. We strongly urge, therefore, that your Subcommittee oppose the elimination of the C.H.R. program.

Finally, we note that the Department of Health and Human Services has not requested any funds in F.Y. 1983 for the construction of Indian health facilities, nor has it sufficiently increased the amount of funds requested for F.Y. 1983 for the maintenance and repair of existing health facilities. The proposed increase for maintenance and repair in F.Y. 1983 is $93,000 less than the $18,360,000 actually obligated in F.Y. 1981, and thus fails to provide for inflation and the deterioration of the facilities. The Neah Bay Indian Health Service clinic, in particular, needs extensive renovation and expansion of the emergency room area which might not be possible under the proposed F.Y. 1983 construction and maintenance budgets.

STATEMENT OF GOV. BRUCE KING, STATE OF NEW MEXICO

SUMMARY

This statement is submitted in support of appropriations to the Bureau of Indian Affairs (BIA) to continue construction and operation and maintenance of the Navajo Indian Irrigation Project (NIIP) which, in recognition of the obligation of the United States to the Navajo Tribe, was authorized in 1962. The project, located in the northwestern corner of New Mexico, will furnish water for the irrigation of 110,630 acres of land and will provide a higher standard of living for 33,000 Navajos.

In 1980 the Bureau of Reclamation (BR) and the BIA differed on the water delivery capability of the project works and the productive acreage to be served by the works. The fiscal year (FY) 1982 appropriation provided only $4,825,000 for continued construction of NIIP as compared to $11,480,000 in FY 1981 and larger amounts in previous years because of the uncertainty of the appropriate water delivery capacity. The problem of water delivery capacity and increased productive acreage has been resolved by written agreement between the Interior Assistant Secretaries for Water and Lands and Indian Affairs.

The Office of Management and Budget (OMB) has entertained continuing concern about the ability of BIA and the Navajo Tribe to subjugate and manage additional acreage at this time. The on-farm management problems have been studied by a management task force appointed by BIA. The task force report was submitted to the appointing official in December 1981. A prompt decision on the on-farm management problem would make it possible to continue construction of Block 6 at a reduced pace in FY 1983; an appropriation of $6 million in construction funds would be required. After 20 years the project is only 35% complete. I urge that the FY 1983 BIA appropriation include construction funds of at least $6 million for the project.

The FY 1983 budget for BIA includes $4,061,000 for operation and maintenance of the project. I fully support an appropriation of this amount in the FY 1983 budget.

STATEMENT

The 1868 Treaty between the United States of America and the Navajo Tribe of Indians provides that any Navajo being the head of a family and desiring to commence farming shall have the privilege to select 160 acres in the Navajo Reservation to be held in the exclusive possession of the person selecting it and of his family so long as he or they continue to cultivate it. The treaty further provides that any person over 18 years of age not being the head of a family may in a like manner select and hold 80 acres within the reservation for purposes of cultivation. The Treaty further provides that the Navajo head of a family is entitled to receive seeds and agricultural implements to help him get started in his farm enterprise. Even a casual examination of precipitation records shows that irrigation is essential if these Treaty provisions are to be given effect of much significance.

The law which authorized the Colorado River Storage Project in 1956, Public Law 84-485, explicitly recognized that assistance to the Navajo Tribe in the form of an Indian irrigation project is the responsibility of the entire nation. The Navajo Indian Irrigation Project was authorized in 1962 by Public Law 87-483 to meet the obligation implied in the 1868 Treaty and explicitly recognized by the Colorado River Storage Project Act.

The desperate needs of the Navajo Tribe have been the subject of much concern to the people of the United States. Construction of the Navajo Indian Irrigation Project could do much to alleviate the grinding poverty suffered by the 150,000 people of the nation's largest Indian tribe.

When it is completed, the Navajo Indian Irrigation Project will have a profound effect on the economic and social life of the Navajo Tribe. Not only will 2,500 to 3,000 people be employed directly in the farming activities, there will also be substantial opportunities for employment and involvement for two and one-half to three times that number in the agri-business and service and supply activities associated with the farming operations. The workers and their families will require housing, schools, police and fire protection, and all the services connected with daily living. This will furnish employment for many others, thus providing a higher standard of living for more than 33,000 Navajo Indians.

Studies of the Four Corners Regional Economic Development Commission, while it was active, have shown that accelerated completion of the Navajo Indian Irrigation Project would do more than any other measure to alleviate the problem of chronic economic distress among the Navajo people.

Funds to initiate construction of the project were appropriated for FY 1963 and the construction schedule called for the delivery of the first water on the lands in 1970. With the initial delivery of water to the first 10,000 acres delayed until 1976, the most realistic goal is now the addition of a block of 10,000 acres each year until the project is completed. Facilities to serve Blocks 1, 2, 3, 4 and 5 have been completed, and irrigation water was provided to all but Block 5 for the 1981 crop year. Facilities to serve Block 5 are complete and irrigation water is also scheduled to be provided this block for the 1982 crop year.

No additional major construction is scheduled for FY 1982 because of a difference between BR and BIA on the appropriate delivery capacity of the works and the amount of productive acreage to be developed and because of OMB's concern about the capability of the BIA and the Navajo Tribe to subjugate and properly manage additional acreage at this time. The problem of water delivery capacity and increased productive acreage has been resolved by written agreement between the Interior Assistant Secretaries for Water and Lands and Indian Affairs. The problem of on-farm management has been studied by a management task force appointed by BIA. The task force report was submitted to the appointing official in December 1981. The FY 1983 budget proposes no construction funds because of OMB's continuing concern over management problems. A prompt decision on the on-farm management problems would make it possible to continue construction of Block 6 at a reduced pace, one-half block, in FY 1983; an appropriation of $6 million would be required.

After 20 years the project is only 35% complete in terms of total cost. Last year the project was 37% complete in those terms. Even with an appropriation of $6 million for FY 1983 there will be further retrogression in the next fiscal year; that appropriation would provide much less than the expectable effect of inflation on the remaining project costs. Delaying completion of the Navajo Indian Irrigation Project defers realization of the full benefits of the $228 million already invested in the project. I urge that the FY 1983 BIA appropriation include construction funds of at least $6 million for the project.

The FY 1983 budget for BIA includes $4,061,000 for operation and maintenance of the project. I fully support an appropriation of this amount.

I appreciate this opportunity to present my views on appropriations to the Bureau of Indian Affairs for the urgently needed Navajo Indian Irrigation Project.

STATEMENT OF NYLE JACK, CHAIRMAN, CENTRAL VALLEY INDIAN HEALTH, INC.

We would like to first start by indentifing with a Declaration of Policy mandated by Congress through Public Law 93-638, Section 3, Paragraph B:

> (b) The Congress declares its commitment to the maintenance of the Federal Government's unique and continuing relationship with the responsibility to the Indian people through the establishment of a meaningful Indian self-determination policy which will permit an orderly transition from Federal domination of programs for and services to Indians to effective and meaningful participation by the Indian people in the planning, conduct, and administration of those programs and services.

It is through this declaration which we would like to now express our views as to the present Administrations proposed Indian Health Services (IHS) 1983 fiscal year budget eliminations.

The uniqueness of California Indian Health Service Programs is that generally we are responsible for servicing large geographical areas which also at times, include a number of different and individual Tribal Governments. In our case we have four different Tribal Governments which we represent and service and a service area consisting of 2,200 square miles.

Early encroachment by Non-Indians and their concept of divide and conquer was generally responsible for the establishment of a number of different Tribal Government, Reservations and Rancherias, within a given area. With the dispersment of our communities as such, our coverage as health care providers is already limited and minimal.

With the present Administration proposed cuts in our CHR Program our ability to provide even limited health care services will be eliminated. So with this in mind we would like to seek your support and at the same time encourage your activities in carefully reviewing this Administration proposed 1983 budget. Also, enclosed, we would like to provide you with a brief history specifically on the treatment of California Indians and the Federal Governments policy on eighteen (18) treaties supposedly establishing the Reservation/Rancheria System's that were never recognized by the Federal Government.

All that we ask now is that careful consideration be given to this Administrations, Reagan's Proposed budget eliminations. We sincerely feel that to accept the proposed cuts in the Indian Health Service Program would have a dramatic negative impact on our health delivery systems.

If there is any further information which you might need in order to assist you in your efforts, please feel free in contacting our office.

STATEMENT OF AL AUBERTIN, CHAIRMAN, COLVILLE BUSINESS COUNCIL

Mr. Chairman, the Colville Business Council recommends that the President's Budget for FY 1983 be amended as follows:

1) An increase of $36.3 million for the Indian Health Service to provide full funding of the Community Health Representative Program at FY 1981 Levels;
2) An increase of $32,000 for the Bureau of Indian Affairs or the Fish and Wildlife Service to allow continued stocking of lakes on the Colville Reservation;

3) An increase of $8.8 million for the Indian Health Service to permit construction of a new health care facility at Nespelem, Washington, which ranks first on the IHS priority list, and for associated equipment, in-staff housing, and staff operating costs;

4) An increase of $1 million in the BIA's Timber Stand Improvement Program to provide countercyclical employment in the Colville forest industry; and

5) An increase of $880,000 for the BIA to plan and design construction and renovation of the Pascal Sherman Indian School.

The economy on the Colville Reservation has collapsed in the last several months owing to the combined effects of inflation, high interest rates, recession and FY 1982 cutbacks in essential Federal spending. The Colville Tribes are dependent on forestry for 95% of its income and a great percentage of the employment of tribal members. By January 1982 timber sales in the Northwest had fallen to their lowest level in fifty years. Furthermore, adverse economic conditions have helped cause AMAX to abandon its molybdenum mining venture on the reservation, resulting in an immediate loss of more than 100 jobs and the loss of 800-1,200 jobs that were expected to become available in FY 1982. Today our unemployment rate has risen to 74%.

Colville CHR Program

The CHR program on the Colville Reservation provides direct health care to a service population of more than 4,000. In FY 1981 the Colville program employed 12 people and operated on a budget of $ 180,000. In FY 1982 the CHR budget was cut to $ 152,100 and now employs only eight people. As you know, the President's FY 1983 Budget would eliminate the program. Nothing in the FY 1983 Budget provides an alternative to this delivery system. Without the CHR program we anticipate a significant increase in morbidity and mortality rates.

Colville Fishery Enhancement

Unless $32,000 is appropriated in FY 1983, the Fish and Wildlife Service will discontinue stocking fourteen lakes and sixteen streams on the Colville Reservation. This will significantly diminish the tribal food supply and result in an annual loss of $1 million or more to the economy of the Colville Tribes and eastern Washington states during a time of severe economic depression.

From 1920 until 1965, the stocking was provided by the State of Washington and from FY 1965 to FY 1981 by the Fish and Wildlife Service. In FY 1982 the BIA was able to purchase stock from the Service. However, in FY 1983 neither agency will have funds available unless Congress amends the President's Budget.

Nespelem Health Clinic

Based on the IHS Resource Allocation Criteria, the Nespelem Health Clinic has first priority for health-facilities construction funds. Documentation of need by IHS and the Colville Confederated Tribes prompted the Congress to appropriate $200,000 to develop complete architechtural designs for the new facility.

The cost of constructing the new facility is estimated to be $5,660,000. Additionally, $740,000 is needed for equipment; $855,000 for construction of staff housing; and $1,545,000 for staffing. These amounts are increased by 14% over our FY 1982 budget request to take inflation into account.

Paschal Sherman Indian School

The Colville Confederated Tribes has over recent years carefully documented for the Subcommittee the need for funds to permit construction and renovation of: academic, administrative, and food-service facilties; dormitories; a library; a gym; a water tank; and a sewage-disposal system.

The total cost of these improvements is estimated to be $18.5 million -- a 10% increase over estimated costs in FY 1982. Our proposed construction schedule is: $880,000 in FY 1983 for design and planning; $11.660,000 in FY 1984 for the first phase of construciton; and $7,810,000 in FY 1985 to complete construction.

Timberstand Improvement

As stated above, the forestry industry on the Colville Reservation is a major source of employment for Colville Tribal members. The collapse of the timber market in the Northwest has contributed substantially to the sharp rise in unemployment, which now totals 74%. The Tribes proposed increase of $1 million in funding for timberstand improvement under P.L. 93-638 would provide employment for 86 people for the 7½ months that weather conditions permit this work to be done.

The Tribes will at a later date, submit additional information on the Timberstand Improvement Program and on other aspects of the President's Budget.

Your consideration of our requests is deeply appreciated.

Statement of Barbara A. Aehle, Program Director, Health Program Urban Indian Council, Inc.

I am the Director of the Urban Indian Health Program in Portland, Oregon. We have a health clinic which has primary care, mental health, and dental health facilities. This clinic addresses the unmet needs of American Indian and Alaskan Native people who have no other available health care.

As you are aware, over 50% of the American Indian population now live in urban areas as indicated in the 1980 census. This clinic implements the federal responsibility for the care and education of American Indian people as amplified in Public Law 94-437, the Indian Health Care Improvement Act, Title V. This act authorizes resources to establish health care in urban settings for the American Indian/Alaskan Native people. If the federal government did not meet its responsibility, there would be a large financial burden on the state to provide this health care.

The American Indian population in the urban areas have significant health problems and no available resources to address these unmet needs. A study in 1972 and a recent follow-up indicate that the American Indian person in the Portland Metropolitan area commonly has two or more chronic conditions that requre extensive and expensive health care treatment. Portland's urban American Indian population has a high incidence of respiratory diseases, entric diseases, eye and ear defects and diseases and health problems. Multnomah County health figures indicated American Indians accounted for 6.4% of the county's tuberculosis cases; yet comprise only .5% (½ of 1 percent) of the total county population. The general population of Oregon experienced 12.1 infant deaths per 1,000 births in the period 1976-1980. The Oregon American Indian population experienced 16.5 infant deaths per 1,000 births for the same period. The American infant mortality rate is 35% higher than the general population i Also, one out of every 10 deaths in American Indian people can directly linked to alcoholism, per 100 deaths in the general population can be related to al

In summary, the American Indian people have greater health problems with more limited health resources than the general population in Oregon. When the above figures are related to health care resources, an even larger gap becomes apparent. The American Indian person has no means to address the poor health conditions that exist. The information available from the Portland Urban Indian Health Clinic users indicates that 78% of the American Indian patients have no health insurance, 10% of the American Indian patients have Medicaid, 1% have Medicare and 11% have some form of private health insurance. Data also revealed that 87% of the American Indian patients were 150% below poverty level income. This shows that, if the federal government does not fulfill their mandated responsibility, the state, county, and city government of Oregon will have difficulty in caring for these people.

Title V of the Indian Health Care Improvement Act, PL 94-437 should be maintained at the present funding levels, or increased if the American Indian population is to receive minimal health care. The Urban Indian Health Program clinic in Portland, Oregon is meeting these needs and will continue to strive for better health care in the future if this responsible legislation is continued.

The total burden of the health care for American Indian people should not be left to the state, but must be addressed by the federal government. The American Indian people made legal and moral agreements with the U.S. government to receive health care and education for their people. American Indian people, who cannot pay for health care, should not be allowed to suffer needlessly when there is this legislation that can address this large unmet need. The United States has honored all agreements to help people throughout the world, and should continue to honor this legislation for the health care of American Indian people.

STATEMENT OF LORRAINE LOOMIS, CHAIRPERSON, SKAGIT SYSTEM COOPERATIVE

Introduction

Good morning Mr. Chairman and members of the subcommittee. My name is Lorraine Loomis. I am the Chairperson of the Skagit System Cooperative, a consortium of three federally recognized Indian Tribes organized to manage and protect Indian treaty fisheries on the Skagit River in northwestern Washington State. I am here today to request your assistance in preventing the unnecessary waste and mismanagement of a unique and valuable resource.

The Skagit River is the largest river in Washington State outside of the Columbia and the largest stream in the Puget Sound-Strait of Juan De Fuca complex. The Skagit contributes approximately one third of the wild stocks in the entire Puget Sound salmon fishery and is the only Puget Sound river system still containing viable wild runs of all native salmon species.

In the middle of the last century our ancestors exchanged vast territories and resources in the Pacific Northwest for the United States' promise to protect Indian fisheries which were reserved by those treaties. Unfortunately, Indians were generally excluded from their traditional fishing livelihood until the late 1960's, when the United States and the tribes obtained confirmation that the Indians did indeed have rights to take up to one half of the harvestable salmon in the treaty area in order to maintain a moderate standard of living.

We are now asking the Federal Trustee to help us in protecting fish habitat which is necessary to sustain the salmon harvest. We request your help in preventing thoughtless and unnecessary waste of unspoiled freshwater and marine habitat, as well as your assistance in replacing habitat which has been irretrievably lost as the result of poor planning. In addition, we include a related request for resource enhancement and fisheries enforcement.

Resource Protection

We are requesting an ongoing line item appropriation of $100,000 annually for resource protection. The nature of the work which this appropriation would cover is described in Article II of our fisheries habitat contract proposal, which is included in the materials with this testimony.

Because of an historic for disregard for Indian rights by various agencies. and because of continued misunderstanding concerning the biological needs of the fish runs upon which Indian communities depend, a number of problem areas have developed in recent years which pose a threat to the fish sto ck in the Skagit system. In the last year, there has been an unprese dented increase in applications for "small" hydro-power projects. At the present time there are thirty-seven applications for such projects in the Skagit system and the number increases weekly. Another example is the implementation of the Northwest Power Planning and Conservation Act without any provision for fisheries stocks outside of the Columbia River system.

The Cooperative is not asking for assistance in preventing development; it is asking for help in making Indian voices heard in the planning process. At the present time, when Indian tribes attempt to get involved in federal or state administrative proceedings to ask for protection of their treaty fisheries, they find they have a hard time being heard, and when they are heard, they are asked to provide legal and scientific information which is often beyond their resources. As a result, agencies which used to ignore Indians entirely are now able to say that they asked the Indians what their concerns were and the Indians "did not respond".

But our experience has also shown that unwillingness to recognize Indian treaty fishing rights, as a reality, can be overcome if the tribes are able to approach applicants and agencies at an early date with a competent, technical position. It has not proven sufficient to just point out that tribes have special fishing rights. Instead it has been necessary to explain exactly how a proposal will interfere with those rights. What the tribes must have is the expertise which will enable them to participate in a meaningful way before state and federal agencies.

It should be emphasized that we are seeking a negotiated approach, early participation in the planning process, in the belief that Indian property rights, like other property rights, can be accommodated by the state and federal systems. We feel that meaningful participation in agency processes is preferable to repeated federal lawsuits where our rights are recognized too late.

A resource protection appropriation will be used to protect fisheries habitat on the most important Washingron salmon stream outside of the Columbia. Federal funding will assure a reliable harvest not only for Indian families but also for non-Indian fishermen in two important, but severly depressed, Washington industries: Commercial salmon fisheries and sport salmon and steelhead fisheries.

Resource Enhancement

We are requesting an annual line item appropriation of $89,000 for operation and maintenance of a spawning channel during the interval before it becomes self supporting. Although the Skagit system is managed for wild stocks, both tribes and the state fisheries agencies have long seen the need to supplement wild stocks through artificial production. In 1978, the Skagit Tribe proposed development of a chum and pink salmon spawning channel on the Skagit as the most cost effective enhancement alternative. Such a channel would provide maximum artificial production at the least cost and without disrupting wild stocks. Our proposal was determined to be a high priority facility by the regional federal Task Force on Washingon State fisheries and was incorporated in that task force's Settlement Plan.

In its 1979-80 session the Washington Legislature appropriated 1.78 million dollars for a Skagit enhancement facility. Then in 1981, the Legislature appropriated an additional two million dollars specifically earmarked for the spawning channel.

These appropriations are for construction, not operation and maintenance. Because of a current revenue crisis the state does not appear able to pick up operation and maintenance costs. Accordingly, the tribe's have undertaken, as co-managers of the fishery resource, to seek three year of federal funding for the operation and maintenance costs. We anticipate that the returns on the spawning channel will make it self supporting after FY-86

The economic return, to Indian and non-Indian fishermen and the local businesses which depend upon them will be far greater than the initial governmental expenditure. Estimated annual revenue to all fishermen (this does not include indirect economic benefits) at full production capacity is $465,500.

Additional Requests

In addition to habitat protection and management, the Skagit System fisheries program include a Fisheries Enforcement component. The Tribal enforcement division works in cooperation with local State Game and Fisheries officers to patrol the Skagit River and adjacent marine waters.

At the present time, the Cooperative is lacking a functioning facility to house Indian offenders. The BIA Agency office is currently assisting in bringing the jail facility up to required federal standards, but the operating funds for yearly operations must be secured through additional appropriations. This jail facility will be utilized by other Tribal enforcement agencies in addition to the three SSC Tribal communities. The projected costs, provided by the BIA Agency Enforcement Officer, for yearly operation will be $146,000. This includes the cost for 3 correctional officers and prisoner costs.

Conclusion

Our experiences have shown that the best way to deal with Skagit River problems is at the local level. We have made significant gains in setting up cooperative arrangements with state and local governments and in sharing manpower and other resources. The federal allocation that we are seeking will benefit not only the tribes but the other agencies seeking to protect, and enhance and manage fisheries in the Skagit River system.

While we are seeking federal assistance we do not wish to give the impression that we rely solely on the federal government to protect our treaty rights. These are our property rights and we accept the obligation and the responsibility to protect them. To do this, we have asked for assistance from a number of private sources but have been able to obtain only small grants because of the shortage of private money. We have also committed a major part of our resources to the programs described here. But these resources are not sufficient, in the face of intensive development without sufficient fisheries planning, to protect our treaty rights. We therefore respectively request that you give our proposal consideration and thank you for this opportunity to testify.

STATEMENT OF JON D. COLVIN

I would like to take this opportunity to clarify the Chinle Hospital's existing housing situation and the need for additional housing units so the hospital can open and provide the inpatient services for which it was constructed. This letter is meant to accompany my testimony and Senator Stevens' comments during the Subcommittee's hearing on Thursday, February 25, 1982.

1. Number of trailer spaces which exist in the construction camp built by the construction manager (Kitchell Contractors, Inc.) to temporarily house the construction workers while the hospital was being built:

   2 large enough for double-wide trailers
   26 large enough for 12' by 60' single-wide trailers
   4 only large enough for travel trailers

   32 total trailer spaces

2. Estimated number of above trailer spaces which would remain after construction of the solar field, part of which is being designed to occupy the same site:

   24

3. Number of above trailer spaces which would remain following completion of hospital construction:

   None

   Kitchell built the trailer camp as the best means of temporarily housing construction employees working on the hospital, because motel space was both extremely limited and expensive. Since it is not a part of the approved hospital plans, federal officials have said the trailer camp is to be demolished when construction activities are concluded.

4. Number of IHS-owned trailers located at the construction trailer camp:

   None

   Kitchell staff and the subcontractors have lived in their own trailers, utilizing the trailer space utility hook-ups.

5. Number of IHS-owned house trailers located at the old Chinle Health Center:

   8 total house trailers
   - 7 currently occupied
   - 1 trailer which is beyond repair

   0 trailers available for new hospital employees

6. Number of IHS-owned houses which will be available for new IHS employees following completion of hospital construction:

   20

   These units were erected using $1,750,000 of reprogrammed hospital construction funds as an additional means of temporarily housing construction workers while the hospital was being built.

7. Number of housing units currently available for rent or purchase within 95 miles of Chinle by new hospital employees:

None

All publicly available housing is now occupied and waiting lists are either very long or are completely closed. Most units, even if they were unoccupied, are reserved for low-income families and thus IHS employees would not be eligible.

8. Total number of housing units which will be available for new hospital employees:

0	publicly available houses
20	IHS-owned houses
20	total houses available

9. Total number of homes needed to house 324 new hospital staff members when facility is fully operational:

239	for non-local employees
- 20	IHS-owned houses available
219	remaining houses needed

10. Number of homes needed to house 139 new hospital staff members included in the President's FY83 budget request:

108	for non-local employees
- 20	IHS-owned houses available
88	houses needed now

11. Number of homes needed to house additional hospital employees required when facility is fully operational:

239	for non-local employees
- 20	IHS-owned houses available
- 88	for new staff in FY83 budget
131	houses needed for positions not yet requested

12. Recap of homes needed to house 324 new hospital staff members:

88	houses needed now
131	houses needed for positions not yet requested
219	total new houses needed

The Indian Health Service's Office of Program Planning informs us that at the newly-constructed IHS hospital in Bethel, Alaska the following housing situation existed as of February 26, 1982:

40	units that existed as part of the old hospital complex
40	units newly constructed with direct federal appropriations
47	units not yet constructed, for which Congressional lease authority was approved
127	

Even though the Congress authorized the Indian Health Service to enter into a long-term lease for 47 homes, the Bethel Native Corporation has been unsuccessful in securing financing to construct the units. IHS officials say they will have to obtain additional direct federal appropriations in order to construct the 47 homes.

The Chinle Hospital Steering Committee, which is composed of over 25 Service Unit residents who have volunteered their time during the past five years on behalf of more than 27,000 persons whom the Chinle Hospital will serve, has done more than any similar group in attempting to obtain hospital housing using innovative forms of financing. The Committee explored issuing industrial development authority bonds and other types of bonds, as well as borrowing from conventional mortgage lenders. Had the Congress agreed to authorize IHS to enter into a long-term lease for the units--a private sector requirement due to the trust status of reservation land--it is likely that such financing could have been obtained. Now, just as IHS indicates is the case in Bethel, direct federal appropriations appear to be the only way that housing can be built. Chinle has no existing private housing market, unlike the scarce, expensive, but available market in Bethel, and the Chinle Hospital is a totally new facility, rather than a replacement for an old hospital, as is the case in Bethel.

I was unable to finish my short oral statement to the Subcommittee. The omitted portion follows:

"We are now well behind schedule in providing for this housing, so our request for direct federal construction is in two parts:

#1. An FY82 supplemental appropriation of $7,253,000 for construction of 88 units--enough to house the 139 newly requested positions (a request to address this need is now being processed in IHS for submission through the Department's channels), and

#2. An FY83 appropriation of approximately $10,800,000 for the remaining 131 homes.

"(Let me clarify a point in my written testimony: the two requests just mentioned total 219 units, which when added to the 20 houses constructed last year, equal the 239 required. Additionally, these figures and those for staffing are slightly higher than figures coming from the Department, but are needed in order to fully utilize the facility.)

"Our third request relates to the entire Navajo Area Indian Health Service. IHS figures indicate that the Navajo Area provides

22% of all IHS inpatient days
20% of all IHS outpatient visits
and 35% of all IHS deliveries.

This averages out to over 20% of all IHS services provided nationwide, yet the Navajo area receives only 13% of the IHS budget to meet these demands. In such a large and remote area as the Navajo Nation, IHS provides the only direct patient care services available to many. The Subcommittee should inquire into this situation and direct the Department of Health and Human Services and the Indian Health Service to allocate their resources in a more equitable manner."

Please write or call if we can supply the Subcommittee with any additional information.

STATEMENT OF JIMMIE C. BEGAY, EXECUTIVE DIRECTOR, ROUGH ROCK DEMONSTRATION SCHOOL, NAVAJO INDIAN RESERVATION

Public Law 93-638 was enacted by Congress to implement the growing trend towards recognition that Indians have the right, even the obligation, to manage as many of their own affairs as may be possible under the circumstances.

Several basic assumptions were implicit in that courageous and enlightened enactment by Congress.

First, that inexperience in prior management of their own affairs would necessarily compel the expectation that Indians were neither as artful nor as competent (by Anglo standards) in management or fulfilling the requirements of an ever-more technical bureaucracy.

Secondly, that as competence and experience were developed, there would be a decrease in the size, scope and cost of the Bureau of Indian Affairs functions corresponding to the increase in "638" contracts run by Indians.

Thirdly, that the Bureau of Indian Affairs was both sensitive and competent to administer "638" contracts in a manner designed to facilitate the development of Indian ability and to encourage the expansion of those contracts.

The experience of those tribes and tribal organizations during the intervening years has in most cases been contrary to those assumptions and expectations.

Although Indians have learned, and are now learning, it has become increasingly necessary to employ non-Indians at top levels of contract management just to compete on equal terms with the Bureau of Indian Affairs. Technical assistance by the Bureau is almost non-existent for Indians. It has been my own experience at Rough Rock Demonstration School that, in those cases when we have been compelled to seek technical assistance from the BIA, we have most often been required to employ outside expertise to solve our problem and then implement the necessary corrective actions for the Bureau.

Over these same years, we have reviewed the Bureau budgets and seen clearly that as "638" contracts proliferate, the Bureau takes more and more of the money appropriated by this Congress to administer those contracts. Instead of decreasing in size as our contracts increase, the BIA has in fact grown.

Lastly, the Bureau has not been sensitive to Indians, I have seen, time and time again, Tribes and tribal organizations view the problems contract schools have with the BIA and say : *even though we would like to run this ourselves, maybe it would be better to let the BIA do it so we don't have to fight with them.*

Public Law 93-638 is, in many ways, like our own body. If we do not exercise, if we do not grow, we will become weak and suffer under those who are stronger, who have more power, who have more money. Self-determination will either grow or it will die. Congress will either help us to be strong or the BIA will kill us so that they might live and grow even stronger.

All that I will say next about funding, about new regulations, about BIA leadership must be heard and understood in light of what I have just spoken as the truth.

I. Tribal Block Grant Funding

Specifically, the proposed Consolidated Tribal Government Programs must be addressed. The CTGP prototype for Fiscal Year 1982 was conceived by the BIA without input or opportunity for comment before presentation to the Tribe. If contract schools are included in the prototype operation, the primary effect will be to deny individual contract schools direct access to the governmental contracting/granting agencies. Fiscal control, administrative overhead cost recoveries and, possibly, educational program control will be lost to the individual contract school.

There are also equally compelling reasons to retain the present contract/grant relationship between the BIA and individual contract schools for the benefit of the government and tax payer. The government may not deny their responsibility to provide adequate educational opportunities to Indian Children.

The BIA must, therefore, continue its oversight and management responsibilities. The Block Grant to Tribal Government will only interject an additional and costly administrative level into the relationship. The Block Grant will dilute and accountability for Federal funds which is presently the direct responsibility of each contract school to our Government.

II. Fiscal Year 1982 & 1983 Educational Budgets

Contract Schools should not be as cost effective as BIA operated schools. Bureau operated schools are standardize and control by centralized management. Contract schools or community control expressions of innovative and sensitive struggle to produce a truely whole and competent Indian adult.

Yet, pursuant to funding by Public Law 95-561, a number of BIA schools may well be forced to close. If BIA schools closes, the BIA can absorb the students in the remainder of their system. However, with the same funding, the closure of a community control contract schools will create a void that can not be fill for that community. The 4% across-the-board reduction to the interior budget as approved by the conference committee may therefore save money in the short term, but will waste the minds of our youth in the longer term view.

We can survive the 4% cut, but not a deferral of funding this year nor the spector of Presidential recession. Congress must support us, at least to this extent.

The Fiscal Year 1983 education budget proposal is approximately at the same level for school operation as for Fiscal Year 1982. While we will survive one (1) year (1982) at this level and still provide quality education, the possibility of providing that quality two (2) successive years of budget constraints is severly dimirish. Funding for school operations must be increase for Fiscal Year 1983 in order to restock the depleted supplies, to retain professional teaching staff, to improve curriculum and explore new and better teaching method and programs. If education does not grow, it fails.

The failure of Indian Education will commit the government and the tax payers to years of continued welfare supports. Budget constraints for Indian education is a false and costly economy, it will waste money and lives in the long run. Finally, it is painfully clear that the government intends to phase out our education as a further part of that false economy.

The dismissal of Dr. Earl Barlow as the Director of OIEP and Assistant Secretary Ken Smith's appointment of Mr. Lincoln White to "assist in policy direction for the proposed orderly closure and transfer of BIA schools . . ." clearly indicate the Bureau's intentions in this regards.

In conclusion, we must have the support of this committee, we must have the support of this Congress, as we have in the past, in order to insure the realization of true Indian Self-Determination. Without adequate education you can never expect a population such as the Native American to truly be self-sufficient and responsible for its own direction. Our future and the eventual success of all your good work in the past rests now with your decision today.

STATEMENT OF ELMER M. SAVILLA, EXECUTIVE DIRECTOR, NATIONAL TRIBAL CHAIRMEN'S ASSOCIATION

I appreciate the opportunity to present testimony today on the Department of the Interior, Bureau of Indian Affairs FY 1983 appropriations on behalf of the National Tribal Chairmen's Association (NTCA). Our concern is especially for four (4) categories within the appropriations for Operation of Indian Programs listed on Page 9 of the BIA congressional submission. They are:

1. Education	$256,672,000
2. Indian Services	245,114,000
3. Economic Development and Employment	66,573,000
4. Trust Responsibilities	47,205,000

A fifth concern is for:

5. Educational Construction	15,000,000

Education
P.L. 95-561.

The Bureau of Indian Affairs (BIA) as the lead agency for carrying out the educational trust responsibility for the Tribes, has the obligation to provide quality education in accordance with the Tribes' needs for cultural and economic well-being. This obligation and mission has been aborted by the FY 82 BIA Education budgets. The BIA must meet its mandate in reducing administration and restoring and maintaining its education budgets and programs to a level necessary for the operation of quality programs for and by Tribes. Indian Education cannot and must not absorb additional cuts, if the responsibility and obligation of the federal government to the Tribes is to be reasonably met in FY 83. The BIA has not followed the dictates of P.L. 95-561. The deadlines for various parts of the law to be implemented have not been met. Requirements to provide Early Childhood Education program funding have been ignored. The Education Standards have not been presented to Congress or to the Tribes for review and comment; the deadline for doing this is now more than two years past. The line-authority established by Title XI has been ignored by the Assistant Secretary for Indian Affairs. BIA-funded education programs are suffering because of the failure of the BIA to implement fully the provisions of this law. Congress should appropriate sufficient funding to allow the full intent of Title XI, P.L. 95-561 to be realized. In several instances, careful review of existing Title XI policies and activities is necessary. The ISEP formula does not adequately fund smaller contract schools. Deficiencies in the formula need to be corrected, either by developing a meaningful weighting to account for the unique needs of the smaller schools or through some other mechanism. Contracts schools are currently being denied the right to receive JOM monies; the eligibility of these schools to receive JOM funding was never questioned by P.L. 95-561 and therefore the eligibility must be restored to these schools immediately.

Impact Aid.

The Impact Aid program (P.L. 81-874 as amended by P.L. 95-561) is designed to fund public schools educating Indian children who reside on non-taxable Indian lands. The proposed reduction in funding raises serious questions concerning the federal government's trust responsibility and seriously threatens the survival of 722 school districts currently relying on support under Impact Aid as a major portion of their operating budget each fiscal year. Financial assistance available for Indian education under Impact Aid must remain intact; further, Indian tribes and Indian parents must be involved in the decision-making about the use of Impact Aid at the local level as required by P.L. 95-561.

Boarding School Closures.

The systematic and orderly closure of all BIA Boarding Schools appears to be a viable part of DOI's current agenda for Indian education. In a memorandum dated September, 1981, Lincoln White, a high-ranking staff assistant to Assistant Secretary Ken Smith described part of his responsibility as:

> ...(to)assist in policy direction for the proposed orderly closure and transfer of BIA schols -- elementary, secondary, and post-secondary.

Treaty agreements and federal law both require that actions on Indian education policies and changes in Indian education programs have the full approval and endorsement of the Tribes before they are implemented. Consultation on the closing of Concho, Wahpeton, Intermountain, and SIPI has not been effected. NTCA has gone on record demanding that:

> No education facility or program be diminished or abolished without prior consultation and approval of the affected Tribal governing bodies as authorized by the Indian Self-determination Act and by Title XI, P.L. 95-561.

Further efforts on the part of the DOI to close BIA boarding schools will create serious problems for a large population of Indian students. NTCA therefore recommends that funding for those schools be continued until such time as provisions for displaced students can be made in consultation with the affected tribes.

P.L. 93-638/Education Contracts.

A total of 60 Indian Tribal P.L. 93-638 contracts have been terminated as a result of the inadvertant House and Senate Conference Committee's action to transfer school operations out of the education program management budget (element 10) and into the more generally defined Indian School Equalization Program budget (ISEP). The problem is: $754,000 of these funds have previously funded Indian Tribal education contracts for Tribes who do not operate Tribal schools (and hence are not part of ISEP) but who provide supplemental education programs and services and the local agency level. Since these Tribes do not operate school systems and do not receive ISEP funding, it is not appropriate for these Tribes to be included in the ISEP budget. Most of these Tribes depend on Element 10 funds for the administration if supplemental education programs, including Johnson-O'Malley and higher education grants at the local level.

Rather than moving to correct the problem, BIA has interpreted the language in the Conference Report to mean that these P.L. 93-638 contracts were intentionally eliminated by the Conference committee.

All funds previously obligated towards P.L. 93-638 contracts with Indian tribes not operating Tribal school systems but operating supplemental services in Indian education under Element 10 should be replaced, restored or otherwise made available for FY 82. This replacement, restoration or otherwise action should not and must not come about at the expense of the operation of other 93-638 contracts in education or at the expense of other of the education services provided to Tribes or through Tribes by the BIA's education budgets.

Indian Services:
Social Services, Law Enforcement, Housing, and others.

Indian Child Welfare Act Grants.

Since its' inception this program has helped to preserve the identity and culture of unfortunate Indian children and has contributed greatly to the overall social development of Indian communities both on-reservation and off-reservation. Especially now, given the rising figures of unemployment, alcohol and drug abuse, suicide, and broken homes, it would be a tragedy to reduce funding for this program which is salvaging the children who through no fault of their own are orphaned or homeless.

The BIA decision to decrease ICWA grants by $1,900,000 is a disregard for Indian children in general. With the closure of off-reservation boarding schools there is sure to be a rise in need because as documented in testimony last year, most boarding schools were populated by so-called "problem" children, who will now return to their reservations. The decision to not fund off-reservation ICWA programs, too, hurts many reservation-born children who for reasons beyond their control were moved to urban or off-reservation communities. Mr. Chairman, the need has not diminished. The NTCA therefore recommends that funding for this program be restored to at least the FY 1982 level of $9,600,000 to help prevent the diminuation of the American Indian as a Race.

Aid to Tribal Governments

In 1981 the BIA was requested by OMB to do a study on the impact of loss of CETA jobs on the tribal governments. This study completed and reported on to OMB on January 29, 1982 , verified tribal statements of the devastation to Indian communities. Tribal CETA jobs performed a great deal of administrative and community services for tribal members. The loss of those positions has put tribal governments in dire straits. The following table is excerpted from that report and shows that the FY 1983 BIA budget should not be reduced but instead should be increased categorically to allow the tribal governments to function at least minimally.

Job Category	No. of Jobs	% of Total
Tribal Administration	2011	25%
Education	811	10
Health/Environment	1036	13
Public Safety/Judicial	742	9
Housing	496	6
Other (Day Care, Elderly Care, Etc.)	2955	37
	8051	100%

Recommendations:

1. Indian Child Welfare Act Grants: remain at $9,600,000

2. Indian Services, Law Enforcement:
Area Office increase of $398,000 be placed into Tribal/Agency Operations

3. Housing. Tribe/Agency Operations be increased from $21,200,000 to $23,200,000.

Indian Services:
Self-Determination Services: Small Tribes Initiative.

The BIA is requesting $5,000,000 for this program. NTCA recommends that this amount be at least doubled to $10 million dollars. There are in California alone at least 70 small tribes who have historically been deprived of Bureau funds. Other states have corresponding numbers of small federally recognized tribes who have not had a full time chairman or administration in order to attract development funds. It is not enough to just give a tribe enough to merely exist in name only. The BIA proposes to limit funding (for tribes of less than 400 persons) only to a consortium. The consequences of such a move is self-defeating. The smallest tribes, those most in need, would not benefit. The concept as proposed is a noble one but a plan fair to all is needed with sufficient funding to assure results. Therefore NTCA requests that Indian Services be funded at the level of $250,114,000 with $10 million earmarked for the Small Tribes Initiative.

Economic Development: Economic Development Iniative.

The National Tribal Chairmen's Association endorses the BIA plans to seek re-authorization and legislative amendments for the Indian Financing Act. It had proved to be a viable program for economic development.

The Economic Development Iniative is sorely needed as a means of encouraging tribal and individual entrepreeurs. NTCA agrees that the objectives of this initiative will, if it is implemented, will temporarily fill the gap left by the Indian Financing Act. However, given todays inflated costs multiplied by the great need, NTCA believes that the requested $10,000,000 will not be sufficient to meet the anticipated demands. As of September 30, 1979, there was approximately $7,000,000 in requets for Revolving Loan Fund from the BIA. Inflation plus mew requests indicate a need for greater funds. Therefore, NTCA recommends that $20,000,000 be earmarked for the Economic Development Initiative.

School Construction Funds

The proposed phase-out of P.L. 815 and reductions in BIA funding virtually eliminates any hope of contract, BIA or public schools being able to obtain federal assistance for construction of desperately needed facilities. These needs have been documented countless times in numerous studies, the most recent done by the US Department of Education in 1978. In 1980, the Secretary of Education labeled Indian schools a "national disgrace" because of their inadequate, unsafe, and substandard facilities.

The FY 83 budget MUST contain adequate provisions for continuing and increased support for school constructions on Indian lands. Oversight Hearings, reviewing the problems with existing funding processes and the lack of availability of 815 and BIA school construction monies at the local level must be held immediately, so the findings can be incorporated into the FY 83 budget and in appropriate rule-making.

Trust Responsibility.

The National Tribal Chairmen's Association (NTCA) urges this Committee to see that the Bureau of Indian Affairs review their request in this category. Especially in view of the fact that an extension of the Statute of Limitations Act on Indian Land Claims is in doubt. If there is in fact no extention allowed then the BIA is obligated to deliver reports and studies within a time limitation which would require considerable funds. NTCA therefor recommends that the BIA be required to address this issue immediately.

Thank you for this opportunity to testify before you today. We respectfully request to be allowed to submit additional written testimony within two weeks.

STATEMENT OF GERALD "CARTY" MONETTE, PRESIDENT TURTLE MOUNTAIN COMMUNITY COLLEGE

Mr. Chairman and distinguished members of the committee. My name is Gerald Monette. I am President of the Turtle Mountain Community College which serves the Turtle Mountain Chippewa's of North Dakota. I would like to thank you for this opportunity to express my concerns regarding the FY '83 Bureau of Indian Affairs Tribally Controlled Community College budget requests. Many of the concerns individually expressed by my colleagues are common to all of us among the Tribally Controlled Colleges.

For FY '83 the central theme is "survival".

During the current school year (1981-82) the Turtle Mountain Community College has realized an increased student enrollment of 21% or 52 Indian Full-Time Equivalent (IFTE) students. Despite the increased enrollment the appropriation level finalized for the '82 budget is over $300.00 less per student than it was last year.

For FY '83, the Bureau of Indian Affairs has targeted the Turtle Mountain Community College for a further reduction of $345.00 per full-time equivalent Indian student. We project that next year, Indian student enrollment will increase a minimum of 10%.

The concern at this point is no longer a question of adequate budget appropriation levels. Mr. Chairman, members of the committee, the concern is Quality Education and our ability to continue to deliver quality education to our people. I sincerely feel that we are at a crossroads; if the Bureau of Indian Affairs FY '83 budget is accepted as is, then the current school year, (FY'82) may be the last year for which Turtle Mountain Community College will be capable of providing quality post-secondary education.

The best way to illustrate whether the Turtle Mountain Community College has accomplished its goal of providing quality post-secondary education is to review successes. To demonstrate this the institution conducted a follow-up study on its graduates. Here is a brief summary of some of the findings.

> "During the summer of 1981, questionnaires were mailed to all former Turtle Mountain Community College graduates. There were a total of 60 degrees awarded with one individual earning two degrees. Forty-three completed questionnaire forms were returned.
>
> Of the 43 responses, twenty six (26) former graduates went on to complete their Bachelor Degree. Two (2) have earned their Masters Degree. All are employed; one (1) being self employed; twenty-two (22) now work in the Turtle Mountain school systems; six (6) are employed by the Bureau of Indian Affairs or United States Government; eight (8) are employed by the Turtle Mountain Tribe; one (1) is an ordained priest; one (1) works for the local hospital. Four are carpenters;

the occupation for which they trained; with one holding the position of carpenter foreman."

In May of 1981, Turtle Mountain Community College graduated another sixty-one (61) students. A follow-up project on these recent graduates is currently in progress. Of this graduation class, one was Non-Indian.

Since the enactment of PL 95-471, Turtle Mountain Community College has realized a continuous increase in the number of students served. In FY '80 Turtle Mountain Community College enrolled 106 IFTE students. In FY '81 there were 159 IFTE students and this year there are 201 IFTE students.

It is not conceivable that 201 FTE students can have their needs adequately met by the same number of instructors, librarians, administrators, counselors and other support staff who were already overworked trying to serve 106 FTE students. In short, there has been a continuous increase in enrollment and few increases in full-time staff.

The FY '83 Bureau of Indian Affairs budget places the needs of Tribal Colleges and Indian students at a very low priority. The proposed cutbacks will generate total frustration among instructors who are clearly overworked. These continuous cutbacks by the Bureau of Indian Affairs demonstrate a lack of concern for quality post-secondary education, a lack of concern for the quality of libraries and a lack of concern for the quality of learning aides and resources.

Post-secondary Education has apparently taken a new direction within the Bureau of Indian Affairs. The present Bureau of Indian Affairs administration places less value on college training. This new philosophy is not consistent with the desires of the Turtle Mountain Chippewa people. History demonstrates that our people have always placed a high "value" on education. A clear example of what the "value" of education is to our people is the fact that less than 30% of Turtle Mountain Community College's eligible Indian students receive any Bureau of Indian Affairs scholarhip assistance and that approximately 40% of our students receive no financial assistance for education at all. Despite this obvious handicap, our students continue to pursue the post-secondary educational opportunities offered by Turtle Mountain Community College.

As the President for the Turtle Mountain Community College, I am faced with two choices; one choice is to compromise quality education by being silent and by cutting back to a point where the goals and aspirations of the Turtle Mountain Tribe to have an accreditated institution of post-secondary education is no longer possible; my other choice is to make my case known to you.

TURTLE MOUNTAIN COMMUNITY COLLEGE
ENROLLMENT STATISTICS
AS OF 09-Dec-81

	MALE	FEMALE	TOTAL
COUNT	90	190	280
SINGLE	65	127	192
MARRIED	25	63	88
21 & OVER	64	134	198
UNDER 21	24	55	79
AVERAGE AGE	25	27	27
GED	26	55	81
HIGH SCHOOL GRADUATE	43	122	165
EMPLOYED	15	67	82
NOT EMPLOYED	75	123	198
INDIAN - LESS THAN 6 HOURS	4	25	29
NONINDIAN - LESS THAN 6 HOURS	1	16	17
INDIAN - 6 TO 8 HOURS	7	15	22
NONINDIAN - 6 TO 8 HOURS	0	5	5
INDIAN - 9 TO 11 HOURS	4	5	9
NONINDIAN - 9 TO 11 HOURS	0	0	0
INDIAN - 12 OR MORE HOURS	73	118	191
NONINDIAN - 12 OR MORE HOURS	1	6	7

NUMBER OF STUDENTS WITH NO SEX INDICATED: 0

STATEMENT OF THE SINTE GLESKA COLLEGE

Sinte Gleska College is a tribally-chartered, Indian controlled community college located on the Rosebud Sioux Reservation located in south central South Dakota. Chartered in 1970 by authority of the Rosebud Sioux Tribe, the primary mission of the College has been and continues to be the offering of post-secondary educational opportunities through a viable and locally accessible higher education program for residents of the reservation and its surrounding communities.

Since opening its doors in February 1971, the College has with measurable success strived to provide for the educational needs of the Rosebud Sioux. The institution's accomplishments and overall progress have been established through the utilization of available federal dollars, which as a historical consequence of federal treaty (i.e. trust responsibility obligations) and legislative mandates have provided the primary source of program funding for many Indian tribes and tribal entities. While the dependency of tribal programs on federal funds has posed a critical question in terms of overall economic benefits, the federal dollar has provided the impetus for the growth and continued progress in the field of Indian education, and within the last ten years, toward the development and establishment of tribally-controlled community colleges.

In years past, Indian tribes have presented testimony to Congress to justify the extent or level of federal dollars to be utilized for tribal programs. Today, in light of the new "federalism" perceived by the Reagan Administration, Indian tribes are being called upon to justify the very existence of these same dollars. Sinte Gleska College is represented here today to present our concerns in relation to the federal dollars which have been available in the past and which are considered essential for the future of Indian education. Paramount to our concerns is the continuation of funding as administered through P.L. 93-638, the Indian Self-determination and Education Assistance Act, and P.L. 95-471, the Tribally-controlled Community College Assistance Act, which are appropriated through the U.S. Department of Interior.

Our concerns are perhaps best cited by posing the history of academic development of Sinte Gleska College. The first courses were offered in the spring of 1971 under the auspices of the University of South Dakota and the University of Colorado extension divisions. Associate degrees were developed and approved by the State Board of Regents in 1972. The College began offering courses and degrees through Black Hills State College in the areas of Education, General Studies, Business Education, and Lakota Studies, and through the University of South Dakota in Nursing and Human Services.

When the growing number of two year (A.A.) graduates established the need for higher level academic programs, the process of developing bachelor degree programs began in 1977. By 1978, the Human Services Department began to offer a Bachelor of Selected Studies degree through the University of South Dakota; the Education Department implemented a Bachelor in Elementary Education degree through Black Hills State College. The relationships with accredited colleges allows Sinte Gleska College to offer fully-accredited courses and degrees while assuring transferability of credit hours.

Sinte Gleska College has distinguished itself on both a statistical level and in terms of innovativeness and quality. By 1981, the College has reached over 2700 adults on the reservation with college courses and another 1600 with adult education courses. While approximately 180 adult Indians attend off-reservation colleges per year, the enrollment at Rosebud is nearing 400 students per year.

The College's drop-out rate compares quite well with off-reservation campuses. The current rate fluctuates between 13%-28% as opposed to 50% or higher at off-reservation schools. The attrition rate for these schools as reported by the G.A.O. in 1978 is 94% of all students enrolled.

Since the graduation of the first A.A. degree candidates in 1973, there have been a total of 99 graduates at the A.A. level and 7 graduates at the bachelor degree level. Three graduates have continued on to receive master's degrees; two other graduates are engaged in doctoral level studies. The College's first baccalaureate graduate is currently enrolled in law school. The College's Nursing program has graduated nineteen nursing students of which eighteen passed their state board examinations as Registered Nurses.

Perhaps the single most important development in the College's academic history has been achieving candidacy status by North Central Association of Colleges and Universities in 1977. The ultimate product of this development would provide Sinte Gleska College with full accreditation, which would allow the institution to offer its own A.A. degree programs. The College has made significant strides toward the goal of accreditation as evidenced by each of its two biennial evaluations by North Central in 1978 and 1980. The College is scheduled to apply and to be evaluated for formal accreditation in the 1982-83 academic year.

But while Sinte Gleska College can allude to the remarkable progress of its academic programs, there has been a persistent and growing concern for the continued availability and stability of financial resources. Many of the tribally-controlled colleges such as Sinte Gleska College began operations as institutions of higher education with virtually no financial resources, although tribal support and student clientele were evident. It has only been through the vigorous and judicious efforts of College and tribal administrators to identify and acquire federal educational monies that some assurance was provided so that tribally-controlled community colleges could maintain operations. At this point the College will take the opportunity to reiterate the need and support for continued funding of the following areas.

During the initial stages of institutional development, the Bureau of Indian Affairs provided the College with a small operational grant by which the Snyder Act of 1921 was initially identified as the authorizing legislation. With the implementation of P.L. 93-638, the Indian Self-determination and Education Assistance Act, the Snyder Act monies were eventually provided through the tribal 638 contract process, which facilitated the commitment of "self-determination" by the Rosebud Sioux Tribe to provide at least one source of stable funding for higher education purposes.

The resultant problem associated with this source was one of safeguarding these funds. Up until 1980, the Snyder Act monies totalled $358,300, which were allocated through an annual tribal budget process. When it became evident that Indian community colleges would be receiving monies as a result of the 1980 passage of P.L. 95-471 (The Tribally-controlled Community College Assistance Act), the BIA made a unilateral decision to eliminate the budget category for Snyder Act funds from the tribal budget. However, the legislative provisions of P.L. 95-471 specifically and explicity allowed eligible community colleges to receive both sources of funding. When the Tribe's effort was unsuccessful in negotiating with the BIA to replace the funds, it was only through the actions of a Congressional sub-committee that resulted in the restoration of funds. But there was a substantial reduction of $200,000 for the Rosebud Sioux Tribe's purpose of providing funding for its community college.

In FY'82, this amount was appropriated at $136,500. For FY'83, the Tribe appears again to be having difficulty in safeguarding these funds from continued BIA manipulations. The College would support the Tribe's effort in not only maintaining this source of funding, but would request the restoration of Snyder Act monies at the previous level of $358,300.

In a related budget matter concerning federal funds contracted by the Tribe from the BIA, the College would reiterate the need for continued funding of the Adult Education and Higher Education scholarship monies. One of the fundamental steps essential to the higher education process is the acquisition of a high school diploma or a G.E.D. equivalent. The percentage of reservation residents without a high school diploma ranged at one time as high as 60%. In an effort to address this situation, the College contracted the Adult Education program from the BIA through the 638 contract process, and since 1972, the program has produced an average of 100 G.E.D. graduates per year. Prior to 1972, the BIA-controlled program produced 100 graduates from 1965 to 1971.

Given the economic nature of the reseration, and perhaps more specifically the unemployment rate, college financial assistance through BIA higher education scholarship funds is critical to the pursuit of academic studies on the reservation. Sinte Gleska College is unique in that it maintains a special contract arrangement with the Tribe and the BIA in administering scholarship monies directly to eligible students enrolled at the College. But coupled with inflation, increased enrollment, and higher unemployment rates, the annual scholarship allocation is rapidly depleted because more students are displaying the need and eligibility for financial aid. It is unfortunate that while reservation residents are becoming more aware and taking advantage of educational opportunities, federal financial assistance is being reduced. Current students are being affected by reduced eligibility awards, thus creating "gaps" within the budget of their full educational needs. This situation is compounded by institutional initiatives to raise tuition costs to offset institutional budget deficits, which in turn increases the financial need of the individual student. If students are to make any measurable progress, college financial assistance needs to be continued and to be increased at levels that will ensure successful completion of their academic goals.

Since its inception, the College has strived to develop and implement an educational structure through the establishment of a stable funding base. At best, this base has been supported by "soft" monies derived from other federal education programs primarily through the Department of Education. With the fragmentation and instability of tribal and federal funding sources, the College became aware of a critical need to establish a stable funding source which would provide for basic operational support.

Cognizant of the precarious dependence on the supplement "soft" monies, the Tribally-controlled community colleges pursued legislative efforts to secure a more stable source of funding. After several years of diligent work with the executive and legislative branches of the federal government, the effort resulted in the authorization of P.L. 95-471, the Tribally-controlled Community College Assistance Act of 1978.

This act was initially regarded as a remedy to alleviate the existent void of federal sources which could not provide basic operational support monies. The legislation authorized appropriations on a formula or "pro rata" basis of $4,000 per full-time-equivalent Indian (FTIE) student. If eligible institutions could anticipate a full pro rata amount based on their student enrollments, these schools could be assured of a fairly stable source of operational support funds.

However, the major problem since the enactment of the law has been that funding has never been appropriated at the authorized level of $4,000 per FTIE. This is attributed to the lack of support for the full appropriation by both the BIA and Congress. The inability of the College to anticipate the pro rata amount for a given fiscal year has dramatically diminished the budget planning capabilities of the school. For instance, if the College could expect the full pro rata amount, the allocation to Sinte Gleska College could comprise as much as 30-40% of the institution's budget. Since these funds are utilized toward operational support while other federal monies supplement specific activities, 471 funds constitute a critical and essential component for overall program operations.

Sinte Gleska College is vitally interested in the continuation and stability of 471 funding. A major concern is that funding through P.L. 95-471 has to a large extent not resulted in additional revenue, but has progressively served to replace other sources of funding lost to the College. The loss of Snyder Act monies in the amount of [illegible] ~~$2,000~~ and the $90,000 previously provided by the Indian Health Service for the Nursing program provide just two examples to this concern. With the very real possibility of significant cuts in other federal programs which the College has traditionally relied upon for resources, the purpose of P.L. 95-471 as stated in Section 101 ...to provide continued and expanded educational opportunities... has become less and less a possibility. To provide substance to the initial intent, strong consideration should be given at providing appropriations at the level of $4,000 per FTIE for eligible institutions and efforts should be made to stabilize the allocations as projected for each institution.

Throughout this testimony, Sinte Gleska College has expressed some genuine concerns about the future of education, especially post-secondary opportunities, on the Rosebud Reservation. While proposed reductions and elimination of federal funding is perceived by some advocates as a means of strengthening the socio/economic base of this country, specific funding reductions in Indian education would drastically impact the post-secondary education student. If College support funding is decreased, the institution would be forced to decrease the availability or scope of academic programs. Should these be reduced, then the college student would need an extended period of time to complete degree requirements, which in turn would increase the time the student must rely on federal financial aid. Computed in terms of additional dollars needed to complete the student's education, such a "wheel" would appear contradictory to the effort to minimize the dependency on federal dollars.

In addition to the direct impact on the individual student, the uncertainty and prospect of funding reductions for operational support in general has stifled the capabilities of institutional development and planning. With the evaluation of Sinte Gleska College for accreditation scheduled in the near future, the College is at the most important and crucial stage of its development. Given the opportunity and resources, Sinte Gleska College believes that it not only can do a more effective job in providing educational opportunities, but the College can also play a major role and have a direct impact in facilitating the goal of Tribal self-determination.

Your consideration and support of these endeavors is urgently requested.

STATEMENT OF THE QUILEUTE TRIBAL COUNCIL

The Quileute Tribe wishes to express it's grave concern over the proposed cuts in the FY 83 budget. Only recently has the Tribe had on-site health care and is foreseeing their program eroding away.

The Quileute Tribe is located along the Washington Coast, around the mouth of the Quillayute River. We have resided in this ancient place for countless centuries. The Quileute Tribe, as have some other Tribes along the coast, has developed an advanced culture that included, art, hunting, seafaring, architecture, medicine, etc. Today only a small remnant of a once great empire is left.

The health services are administered by a Service Unit called Neah Bay Service Unit. They are located 70 miles away by road. At one time the Tribe's health care was provided once a week for about 6 hours, if the weather was good. At other times the people were allowed to go to local practioners for care. This proved both expensive and inadequate. The people were not taught how to use appointments, compliance in medication and why they should return when told of follow-up care. In October of 1980 a PL 93-638 Grant was used to start a Health Program that was to provide basic health care on the reservation. In the short time that this program has been in existance, it has become cost effective by saving the local service units contract health budget over 50% in comparitive costs but also has been funded the Equity Care Program, therefore costing the local service unit nothing. The people at LaPush have been very happy with their Health Program and the level of health care has risen secondary to the health education provided by the program. The program employs 1 physician assistant and 1 registered nurse and also ties 2 CHRs into the Health Care System. The Quileute Health Program provides Out Patient, Health Education, Lab, Pharmacy and Preventitive Health Care Services. It also provides limited emergency services to a population that ranges from around 450 people in the winter to over 1,000 people in the summer.

The Tribe administers this program and it would rival any government program of its size for cost effectiveness and efficiency.

After many years of neglect and poor services, the Tribe does not want nor can it afford to lose either the Health Program or the CHRs that are vital to their program. We wish to convey the importance of not cutting these very vital programs. Any help that you can give in support of the CHR budget and Indian Health budgets will be greatly welcomed and appreciated.

LETTER FROM S. BOBO DEAN, FRIED, FRANK, HARRIS, SHRIVER & KAMPELMAN

March 15, 1982

The Honorable James A. McClure
Chairman
Subcommittee on Interior
Senate Committee on Appropriations
Washington, D.C. 20510

Dear Senator McClure:

Re: Metlakatla Indian Community

The purpose of this letter is to supplement my testimony presented on February 24, 1982 on behalf of the Metlakatla Indian Community by providing additional information in two areas, the need of additional funds for BIA scholarships and adult education and the need for continuation of the BIA social services program on the Annette Islands Reservation.

As I stated in my testimony, the Community believes that a substantial need exists for increased scholarship assistance for Indian communities. At Metlakatla, specifically, twenty-one scholarships were granted in 1981-1982. It is expected that nineteen of these will be applying for continued scholarship assistance in 1982-1983. The 1982 graduating class at Metlakatla High School includes 24 Indians, many of whom are expected to apply for college scholarships.

The Community's present BIA scholarship program contains $45,716, sufficient to fund twelve students (including three 1981-1982 second semester students) at $4,000 per student. The Community has no carry-over funds under its 638 BIA contract so that it cannot supplement these funds with carry-over as it has in past years. The effect will be to reduce scholarship grants for 1982-1983 to $39,716 from the 1981-1982 level of $78,000. The Community expects that in 1982-1983 fifteen to twenty applicants will be unfunded.

In its BIA adult vocational training program, the Community is currently assisting six students, of which three will graduate this spring and three will return for the 1982-1983 year. Due to lack of funds the Community declined eight applications in January 1982. Based on current projections fifteen to twenty students will be rejected this summer due to lack of funds.

Secondly, the Community's need for continuation of its BIA social services program, including general assistance, is critical at a time when Metlakatla is experiencing a fifty-eight percent unemployment rate due to depressed conditions in the timber industry and CETA cutbacks. The Community's small ($60,000) BIA funded social services program administers general assistance to needy Indians in emergency situations which cannot be met by other (i.e. State) agencies because of time lag, and provides counseling and in-depth case work, child welfare services and coordination and referrals. The Metlakatla Community Council considers the continuation of this program, including a small but vital general assistance fund, to be indispensable to the welfare of the neediest Indians on the Reservation, who frequently require help in receiving assistance to which they are entitled under food stamp, senior citizen and similar programs. The role of the Community's social service director is essential in Metlakatla's view to the attempt to maintain a safety net for those Metlakatlans (especially children and the elderly) who face the most severe hardships due to current conditions. As on Indian reservations in the lower 48, the Bureau should continue an active role until the economic recovery of the Metlakatla reservation eliminates the need for such a safety net.

Please keep in mind that the general assistance caseload has doubled to eighty-seven families in the past year and is expected to increase again in May by approximately fifty families when unemployment benefits to former employees of the Annette timber mill run out. The caseload is now running at approximately twenty per cent of the Community.

While in the past general assistance grants have averaged annually approximately $15,000, the Community's BIA funded social service program assists in administration or referrals for food stamps, energy assistance, old age assistance, social security and SSI, unemployment compensation, medicare/medicaid, family and individual counseling, court liaison for cases involving children and the Indian Child Welfare Act program.

Prior to the inauguration of the Community's Child Welfare program more than ten Metlakatla children were normally institutionalized off the Reservation. As a result of the effort to maintain the family relationship which Metlakatla has emphasized in its administration of this program, there are currently only one or two Metlakatla children who require off-Reservation institutionalization annually.

Except for the BIA-funded social services director and a part-time secretary, there are no other social services personnel on the Annette Islands Reservation. The elimination of the BIA social service and child welfare grant funding for Metlakatla will create a gap in services for the most needy segment of the Reservation population which no other agency would fill.

I respectfully request that this letter be included in the record of the hearing on the F.Y. 1982 appropriation for the Bureau of Indian Affairs.

Sincerely,

S. Bobo Dean

STATEMENT OF ARTA CARLOW, MEMBER, OGLALA SIOUX TRIBE, PINE RIDGE RESERVATION

Mr. Chairman: My name is Arta Carlow, a member of the Oglala Sioux Tribe of the Pine Ridge Reservation which is located in southwestern South Dakota. Currently I am a member of the Reservation Health Board and representing our great and historical tribe in presenting this testimony to you today.

I do indeed deem it a great honor and privilege to appear before you Mr. Chairman and the honored members of this committee.

My testimony today concerns the health care problems that exist today on my reservation. Our first and utmost priority of course is an inpatient health care facility to serve all reservation residents and a health center facility to be located at Kyle, South Dakota which will serve the central and eastern residents of the reservation on an outpatient basis. The Pine Ridge Reservation is 100 miles long and 60 miles wide and the current population is 15,710.

The inpatient facility we currently have dates back to 1930 and does not contain the adequate space necessary to maintain the comprehensive health program the Indian people need. There are major physical, mechanical and electrical deficiencies that prohibit the facility from being certified by the Joint Commission on Accreditation of Hospitals and Medicare and Medicaid. The facility is in such condition that it is unable to meet safety codes, it poses a severe threat to the safety of both patients and staff. The facility presently located at Kyle is a converted two bedroom house of less than 300 square feet, yet this facility is now averaging 13,000 outpatient visits per year. This structure is of wood and does not meet any safety codes.

Again, Mr. Chairman, the U.S. Indian Health Service has at your direction developed a facility priority system of which Kyle is #1 for health centers and Pine Ridge is #4 for inpatient. We of the Oglala ioux tribe recognize and support this priority system. It is our feeling that the system supports needs and does it on an equitable basis.

In accordance with the priority system, my main purpose today is to respectively request from this committee an amount of funds in Fiscal Year 1983 for us to begin the design and development of the two facilities on the Pine Ridge Reservation. Current estimates of the design and development money can be obtained from the Indian Health Service construction and planning branch. Mr. Chairman and honored members of this committee, I want to thank you for allowing me to appear and present this testimony to you today.

STATEMENT OF MARY NORTON, CHAIRWOMAN, CORTINA RANCHERIA, CALIF., AND JOY SUNDBERG, CHAIRWOMAN, TRINIDAD RANCHERIA, CALIF.

My name is Joy Sundberg representing the Cortina, Trinidad, Big Lagoon, Berry Creek, Resighini and Table Bluff Rancherias in Northern California. We are here to testify that the Indian community in California has not had an opportunity to provide input to the decision to close the Sacramento Area Office of the Bureau of Indian Affairs (BIA). As the representative of these small California reservations, I am requesting that we in California be given the opportunity to make recommendations for improvements in delivery of BIA services and alternatives to complete closure of the Sacramento Area Office. In California there are more than 80 land-based federally recognized tribes and a population of more than 201,000, making it the largest state Indian population in the United States. Most of the tribes are rural and in very poor economic conditions with little resources. The reservation unemployment rate exceeded 45% on 70 reservations during Fiscal Year 1980-81 and is currently as high as 80% on some reservations. Currently there are 12 (or parts of) reservations that do not have electricity. If the Area Office is moved it will be a great hardship on California Indians to go to Portland or Phoenix to conduct area business or even to adequately request services. Even now, it is a hardship for some tribal officials to get to Sacramento. It is true that there are inefficiencies within the BIA and the tribes of California know this, and there are ways that the government can improve services in our area.

When I met with President Reagan in Sioux Falls, South Dakota, during his presidential campaign he said that before decisions are made that affect Indian people Indian tribes would be consulted for their input. I guess this is "another broken promise." We would like to have a moratorium on the BIA re-alignment plan for the purpose of allowing California input. The government-to-government relationship between the tribes and the United States demands that we be heard on this issue.

As a part of the Administration's proposed budget reduction many governmental programs which benefit Indian people have been completely eliminated. The program elimination includes Indian Health Service, Urban Indian Health Service, the Rural Community Health representatives, water and sanitation, and the Housing and Urban Development program. The proposed budget also reduces Administration for Native Americans (ANA) and Indian Child Welfare Act (ICWA) funds. The proposed program eliminations and reductions are not in the best interests of Indian people and are a serious breach of the trust responsibility.

Housing: Should be based on need.

We strongly object to the Reagan administration proposal to eliminate the Indian housing program. According to a 1980 federal reservation housing authority survey, 72% of existing housing units in reservation areas were in substandard condition, and, of that number, over half needed replacement. In addition, 3,899 families are currently in need of housing.

We are also requesting the restoration of funding for water and sanitation facilities.

HIP housing should be based on needs of small tribes that only 1 or 2 units.

Indian Child Welfare Act:

The funds provided under Title II of the ICWA for Fiscal Year 1982-83 are not adequate and should be raised over 1981-82 levels rather than reduced. Of the 80 Indian tribes in California, only 50 are covered by any Indian child welfare services. Any reduction in funding will mean more hardship at the local level since the services provided under the ICWA are not available in California for Indian people from any other service provider.

Indian Health Service:

California has the largest Indian population in the nation and the federal government has responsibility and a trust duty to ensure adequate health services are provided to Indian people. Especially important is the fact that more than 100,000 Indians reside in urban areas of California, and most of our urban brothers and sisters are members of federally recognized tribes in other states. We urge continued funding for urban Indian health and that funding be restored to the Fiscal Year 1981 level of $8.9 million.

Funding for the community health representatives is proposed for elimination. These services are badly needed in rural California. The rural areas need these community health representatives, and in some situations these representatives are the only health providers to Indian people in the more remote areas. We are strongly opposed to the elimination of funding for Community Health Representatives. The Women, Infants and Children Program is also being defunded and provides invaluable assistance to Indian women and children in attempting to decrease the high infant mortality rate among the Indian population. In a recently completed California report done the the California Urban Indian Health Council it was reported that the cirrhosis death rate for Indian women 15-34 years of age was 37 times that for white women the same age. Cirrhosis mortality rates for Indians 25-34 years of age were 14.5 times the general population rates. Alcohol related mortality for Indians aged 15-24 is 22 times the national norm.

Water and sanitation funding should not be eliminated. The range of water and sanitation services prevent major public epidemics which are possible because of the poor conditions on some California reservations and rancherias--particularly needed are water purification services. These programs could be administered by another department such as Housing and Urban Development or by the community development block grants.

Administration for Native Americans:

ANA funding should likewise not be reduced as proposed; especially since many California tribes have yet to receive ANA assistance. These funds are basic to the Indian community and the large reductions proposed are again not proportionate to the overall reductions. The proposed $4 million reduction, plus this year's reduction, represents a 25% reduction since Fiscal Year 1981. This is an unfair reduction in a program which is truly designed to meet the social and economic development needs of reservations.

Need for Proportionate Funding:

The Indian people in California are very aware of the fact that California has often been shortchanged in the past on federal assistance. Even though there are more than 80 tribes we have received the least funding for BIA services and Indian Health Services. This has traditionally been a problem for California Indian people. The programs should be funded proportionately to be fair. The California Indian population is 201,311, which is 14.9% of the national Indian population according to the 1980 census. We should get a proportionate share of the federal funds expended on behalf of Indian people.

The 80 Indian tribes in California are entitled to better treatment by the federal government, and I hope that you will give us an opportunity to be heard on our concerns. We invite you to California to meet with us at your earliest convenience.

Please call me at 707-677-3738 if we can provide additional information.

Thank you for the opportunity to present my statement.

Statement of Gilbert KingGeorge, Chairman and Marie Starr, Vice-chairperson, Muckleshoot Indian Tribe

The Muckleshoot Indian Tribe has long been an active participant in the local economy of King County in the State of Washington. We are enduring through extreme changes in today's society only because of our people's tenacity to strive for economic independence and to somehow continue to inform our nieghbors that we must develop our resources no matter how limited.

This development is geared toward the continuation of trust responsibilities by the Indian Health Service(IHS) and Bureau of Indian Affairs(BIA). Our problems are many and we would be the first to acknowledge that we must help ourselves in order to deal with our business affairs and the workings of Tribal government. What we would like to discuss with the Committee is the following input for active review and recommendation:

...expansion and continued inclusion of alcohol programs within Indian Health Service
...continuation of Community Health Representative(CHR) programming
...budgetary actions and reductions incurred by central and area administration first before effecting local programs and projects.
...policy changes affected with local consultation process first.

The fore mentioned conditions are directed to the Indian Health Service who are vested with the responsibility of health care to the Muckleshoot Indian Tribe.

The Muckleshoot Tribe asks that the Appropriations Committee consider our input based on the following conditions that currently exist on the Reservation:

...infant mortality is twice that of surrounding communities.
...reservation suicide rate is 900 times the national average.
...alcohol and drug abuse is over 50%, afflicting all ages.
...Muckleshoot Tribal service population in King County accounts for more than one-fourth of all Indian children in the state child welfare system.
...average mortality rate on reservation is 47 years of age.
...a chronic nutrition condition accelerating median age afflictions on Muckleshoot youth.

The impacts felt by our people from the fore-mentioned problems have been considerably heightened by reduction of financial support in programs that at best gave minimal support toward addressing the traumatic circumstances afflicting our society.

The responsibilities of our Tribal government are to insure the survival of our people and the organization that has the greatest task of aiding our efforts is the Bureau of Indian Affairs. We would ask the Committee to please address the following recommendations from the Muckleshoot Tribe:

...the BIA continue to provide indirect cost funds as contract support
...that indirect cost rate calculations adjust to economic increases yearly
...the continuation of Indian Child Welfare Act funding
...complete eradication of funds for non-tribal organizations
...budgetary reductions incurred by central office and area offices on a continuum, to include signicant reductions in force
...insure continued services at the local agency level
...PL 93-638 regulations modified only with proper consultation process with elected Tribal leaders only.
...continued support by BIA of economic development on reservation
...initiation of the Small Tribes Initiative Program
...maintenance of fisheries programs for fishing Tribes
...more facilitation funds at the local level for developing tribes
...increase local agency responsibility for decision-making in dealing with tribal government functions

To impact the fore-mentioned recommendations the Muckleshoot Tribe must bear the burden of;

...unemployment rate of 85% and still rising
...because of budget reductions and elimination of area programs, the Tribal service population is continually expanding, taxing our current budgets.
...60% of our Tribal population is below poverty level
...yearly income for family is $3,000 with a median of $699
...over 60% of tribal lands have gone out of trust_status owned by non-Indians (original reservation acreage was 3,440-2,195 owned by non-Indians)

As the Muckleshoot Indian people continue to exist on marginal support in the form of federal programs and the dwindling fishery, hope still abounds that eventual development will prove to the non-Indian populace that the Muckleshoot Tribe is able to be a co-existing partner in the local economy. To accomplish this we must first know that the continuation of IHS and BIA support will not be eroded by either unseeing budget-cutting at the administration level; or through the lack foresight by bureaucratic officials who seek to undermine tribal government by selfish protection of "turf" and job. We need the support of the BIA and IHS in order to make the decisions to help ourselves...in this light we need your congressional support. We only wish and desire to chart our own destinies and pursue a peaceful way of life-while we have it.

Thank you for your kind attention to our testimony.

Statement of David G. Ramirez, Tribal Chairman, Pascua Yaqui Tribe

The Pascua Yaqui Tribe became a federally recognized tribe in September 1978. The Tribe has approximately 5500 enrolled members residing within the State of Arizona. Approximately 3500 Yaquis live in Pima County and receive health services from the Tucson Service Area Office (Office of Research and Development) of Indian Health Service. The New Pascua Reservation, located 15 miles southwest of Tucson, contains 147 homes and a population of 1000 plus Yaquis. Old Pascua, located in north Tucson, consists of an enrolled population of 547 Yaquis. Yoem Pueblo in Marana, 35 miles west of New Pascua, is a rural community with a population of 183 Yaquis. Approximately 2000 Yaquis live outside Pima County. Most are located in Guadalupe, 10 miles south of Phoenix, with small community groups in Scottsdale and Eloy as well.

The health status of Yaquis is significantly lower than that of the general population. The major causes of mortality are cardiovascular disease, accidents and alcohol related illness. The major causes of morbidity are diabetes, other chronic conditions, such as kidney disease, cirrhosis, and respiratory illness. The Yaqui population in Pima County requires hospitalization twice as often as the general population. There are 840 hospital days per thousand versus the national average of 450 hospital days per year. The average length of hospital stay is approximately 7 days versus the IHS norm of 4.5 days.

The birth rate among Yaquis is 3 times that of the general population. Twenty-five per cent of all births in 1981 were high risk. Two infants out of every fifty births can be expected to have severe health problems as a result of premature birth, poor prenatal care or poor nutritional status of the mother. There is a high rate of teenage pregnancy among Yaqui girls ages 13-17.

Approximately 3500 tribally enrolled Yaquis reside in Pima County and receive Contract Health Services (CHS) from the Tucson Area Office (ORD). At the time the Tribe was recognized it was determined that neither San Xavier Clinic nor Sells Hospital, both located on the Papago Reservation, were able to assimilate the additional load which would be placed on these facilities by Yaqui patients with extensive unmet health needs. The San Xavier Clinic is 8 miles from New Pascua, 45 miles from Marana and 13 miles from Old Pascua. Sells Hospital is approximately 60 miles from Tucson.

IHS and the Tribe agreed that a request for additional facilities would result in substantial and unacceptable delay in accessing health care. IHS, therefore, contracted with El Rio Santa Cruz Neighborhood Health Center (El Rio), in metropolitan Tucson, to provide Health Maintenance Organization (HMO) coverage through a prepaid capitation rate plan. This is the first and only prepaid HMO plan provided for an Indian group. It represents a unique and innovative approach by IHS to meeting the health care needs of Indian people. Potential total El Rio enrollment by 1983 will be 3300 patients. Enrollment is currently at 2800 patients with monthly additions of 30 persons including new births and new registrations.

Shortages of 1982 CHS funds for the El Rio contract have resulted in the removal of a number of benefits from the HMO plan. A 10% reduction in CHS resulted in the removal of the following services:

1. Skilled Nursing Home Care
2. Inpatient and Outpatient Physical Therapy
3. All Mental Health and Substance Abuse Services
4. Oral Surgery
5. Out of State Coverage
6. Physician Home Visits
7. Renal Dialysis

No alternative IHS resources are presently available to meet the health needs of the 2800 Yaquis currently served by El Rio. Substantial new staff and renovation would be needed to accomodate Yaquis at San Xavier Clinic which provides limited direct ambulatory care services to the Papago Tribe. This facility is presently utilized at capacity by the existing Papago patient load.

Contract Dental Services were reduced by 50% as a result of the 1982 budget reductions. Funds were reduced from $126,043 in 1981 to $65,000 in 1982. Dental Services presently exclude dentures, crowns, bridges, orthodontia and oral surgery although an estimated 200 patients will require these dental care services in 1982. Dental care is available only three weeks per month as a result of funding shortages.

Neither the State nor the County have adequate funds or staff in its 1983 budget to provide for the imminent service demands of the Yaquis and the Papagos in Pima County as a result of CHS shortages. The estimated cost to the county for the five Yaqui nursing home and dialysis patients, eighteen Papago nursing home patients and eighteen Papago dialysis patients that they have accepted in FY'82 will be in excess of $500,000 per annum. No Medicaid relief will be forthcoming until March of 1983. There are presently no direct care Indian nursing home facilities or renal dialysis facilities in Southern Arizona

Tribal Health Programs

The Yaqui Tribe has contracted with IHS to provide Public Health, CHR and Prevention Services since 1980. There are no service units or field services provided by IHS to Yaquis. 1981 contracts in the total amount of approximately $360,000 were awarded to support a staff of 13 including 2 public health nurses, 4 CHR's and an Environmental Health Technician. Programs included:

(1) public health and home health nursing
(2) health education
(3) sanitation
(4) program planning and evaluation
(5) transportation
(6) outreach
(7) eyeglass and hearing aid procurement
(8) health administration activities
(9) El Rio Contract monitoring and evaluation
(10) Medical Social Service

Over 50% of the Yaqui contracts were funded with "non-recurring" IHS monies. The balance of funds, $177,555, were in the 1981 base. ORD received no non-recurring funds to maintain Yaqui contracts in 1982. 1982 cutbacks, amounting to approximately 20% applied to the base 1981 figure, have resulted in an actual cutback in "638 contract funds of more than sixty-five per cent in FY '82.

There are many unmet health needs for which no funds or personnel are available. These needs include among others:

(1) Mental health services (no services or staff available)
(2) Substance abuse treatment and prevention (no services or staff available)
(3) Nutrition and health education (no services or staff available)
(4) Air quality and environmental health services (no services or staff available)
(5) Chronic disease programs (no services or staff available)

Cutbacks in 1982 Health Department funds affect approximately 2000 Yaquis residing in Pima County and receiving services from the Health Department. The Health Department staff was reduced as follows in FY '82:

1. Public Health Nursing - Reduction of 50% of staff has resulted in the termination of prenatal nursing education program, 50% reduction in home health care, total termination of in-service and staff education and community health education. Closure of well child and screening clinic at New Pascua.

2. Community Health Representatives - Reduction of CHR staff from 4 CHR's and 1 van driver to 2 CHR's and 1 van driver and loss of 3 GSA vehicles has reduced the time available to CHR's for outreach and education activities. The CHR's have a current caseload of 1000 patients per CHR and are responsible for coverage of Pima County (6 million square acres).

3. Environmental Health Services (EHS) - One generalist CHR provides EHS to the New Pascua population estimated at 1000 persons. No services are provided to any other communities due to shortages of staff. The EHS technician remains untrained in EHS due to lack of training funds. Funds and staff are unavailable to evaluate the environmental factors which may have contributed to the high incidence of respiratory illness and hospitalization among Yaquis in 1981.

4. Therapeutic Recreation - In 1981 the Recreation Program provided services to 50 teenagers, 100 senior citizens and 100-150 school age children at New Pascua. These activities resulted in 8280 participant hours. Services were provided by 2 recreation specialists and part-time activities workers. All recreation staff were laid off in January 1982.

Approximately 500 children need, and are not receiving, experience in constructive alternatives to the growing subculture which pressures children to participate in harmful and self-destructive lifestyles. No funds are available for recreation services.

Eyeglass/Hearing Aid Program

The Health Department Eyeglass and Hearing Aid Program, initiated in 1980-81 in Pima County has been reduced by 33% from $18,000 in FY 1981 to $12,000 in FY 1982. The Health Department will exhaust all funds for purchases of vision and hearing appliances by May 1, 1982. The estimated unmet need for vision and hearing appliances is in excess of 300 individuals for 1983 excluding the need for new prescriptions and frames for current clients.

The Pascua Yaqui Tribe and IHS have made considerable effort in the past three years to identify unmet health needs and develop programs to meet some of those needs. Over a two year period the IHS, Health Department and El Rio Plan have addressed the priorities identified in the 1979 TSHP. The FY 1981 Health Department Program and CHS Program were at a developmental rather than ongoing level. Therefore, no "fat" existed in the budgeted funds. FY '82 reductions of 65% and 10% respectively have resulted in the reduction and/or termination of essential rather than luxury program activities in Pima County. Further cutbacks in FY '83 will result in total closure of the Pascua Yaqui Tribal Health Department.

IHS Services to Yaquis in Phoenix Service Area

Virtually no health service is provided to 2000 Yaquis outside Pima County with the exception of Phoenix Indian Medical Center (PIMC) in Phoenix, Arizona. Yaquis residing outside Pima County receive no contract health care (CHS) or

Community Health Representative (CHR) services. No public transportation is available to access PIMC. Rarely are beds available to Yaqui patients. There is no priority admission system for Yaqui Indians not eligible for CHS but rather admissions are based on a "first come, first serve" philosophy. No funds have been made available to the Phoenix Area Office to provide for the care of eligible Yaqui patients.

Their health needs remain unmet in spite of eligibility within the IHS direct care system.

Summary Statement

Within Pima County, the implementation of IHS programs, and the efficient and innovative use of federal funds by ORD and the Tribe, has resulted in the development of what we believe to be a model program of outstanding potential and current accomplishment. The blending of the HMO concept with a strong tribally operated community based Health Department can provide a more cost-effective alternative to selected tribes than the piecemeal CHS approach utilized elsewhere for Indian populations. The cost of HMO coverage increased by only 5% in 1982 while the general rate of health services inflation has reached the double digit level. The El Rio HMO contract for 1982 has been negotiated for 5 months (March - July, 1982). Unless additional funds are allocated to Yaqui CHS the prepaid HMO plan will terminate in July, 1982 without a reliable alternative source of care for non-life threatening illnesses.

The actual cutbacks in tribal health programs already experienced from October, 1981 - February, 1982, have resulted in a 50% reduction in staff and services. The Tribe is currently discussing the process of retrocession of its two "638" health contracts with IHS personnel. IHS has advised the Tribe that no additional funds or staff will be available if in fact the Tribe formally requests retrocession.

Recommendations for Corrective Actions

1. The El Rio HMO was implemented as an exploratory demonstration project to determine if HMO alternatives can reduce the cost of Indian Health Care. One and one half years of operating data (1980-81) are available. Continuation of contract operation in FY 1982 and 1983 would provide a solid statistical base for analysis of the cost-effectiveness of the HMO alternative. Therefore, the Pascua Yaqui Tribe requests a line item appropriation for FY 1983 for the El Rio Santa Cruz Neighborhood Health Center to fund CHS and associated items, from October, 1982 through September, 1983.

   Line Item Appropriation for FY 1983 = $ 2,105,784*

2. The CHR Program is more than an Indian transportation system. Most tribes, including the Pascua Yaqui Tribe, utilize CHR's for home based health services, prevention and education in order to reduce the cost of acute and institutional care. The Tribe supports reinstatement of CHR funds nationally at the FY 1981 level.

   If this is not feasible the Tribe requests that Congress re-affirm its directive to IHS regarding how cutbacks will be apportioned. Congress mandated that CHR reductions be based on the following considerations:

   (1) areas where new facilities have been constructed
   (2) areas with high concentrations of health providers
   (3) evaluation of the quality of the CHR Programs

   Headquarters thus far appears to have directed Area Offices to apply reductions in CHR funds in a non-selective, across the board cutback of all CHR Programs by approximately 21%. This is in direct opposition to the instructions of the Congress.

3. The Tribe requests that the tribal health service base for the Pascua Yaqui Tribe be raised from $177,555 to $300,000 for FY 1983. The FY 1981-82 base was allocated to the Tribe based on projected enrollments of 1000 Yaquis in FY 79-80. This estimate was totally inaccurate. The actual enrollment is 5500 with over 3000 enrolled Yaquis residing in Pima County.

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* Financial data provided by ORD, Tucson, Arizona based upon current Headquarters allocation to the Tucson Area Office

4. The Tribe requests that a separate allocation of funds be placed in the FY 1983 base for the Phoenix Area Office to provide limited CHR and transportation services to Yaquis living in the Phoenix area. Such services are being provided to other tribes at this time. These services would assist over 1300 Yaquis in accessing existing IHS services, for which they are eligible, at minimal cost.

5. The Pascua Yaqui Tribe urges that a more rational and firm funding base be considered during discussion of redistribution of the IHS base.

6. The Pascua Yaqui Tribe supports the recommendations of the Intertribal Council of Arizona regarding the 25% blood quantum and limiting use of IHS facilities by non-Indians and non-Indian spouses and dependents.

7. There have been unconfirmed reports of plans to close the Tucson Area Office (ORD). The Yaqui Tribe receives substantial tribal support services from this Area Office. The Tribe recommends that area functions be continued in Tucson even if the Research and Development and training functions are terminated. If the entire office is closed the Tribe requests that 20% of the Area Office budget, or that part of budgeted activities expended on Yaqui matters and services, be transfered to the Tribe.

LETTER FROM GARY W. DONALD, CHAIRMAN, BOIS FORTE RESERVATION BUSINESS COMMITTEE

19 February 1982

Chairman
Appropriations Sub-Committee on Interior

Mr. Chairman:

I am Gary Donald, Chairman of the Bois Forte Indian Reservation of Nett Lake, Minnesota. I have a delegation here with me representing Bois Forte Reservation.

Mr. David H. Villebrun, Executive Director of the Bois Forte Reservation

Mr. Cyril R. Kauchick, Education Division Director

Mr. Ken E. Budboy, Community Development Specialist

I will be giving testimony on behalf of the Bois Forte Reservation Business Committee. Mr. David H. Villebrun will be giving testimony on behalf of the Nett Lake School Board District 707.

I request the following testimony be entered into the congressional record and that you give all considerations applicable in future appropriations of our many various tribal government responsibilities.

Sincerely,

BOIS FORTE RESERVATION BUSINESS COMMITTEE

Gary W. Donald, Chairman

AGENCY: Bureau of Indian Affairs - Indian Business Enterprise - Development/ Division of Financial Assistance

At the present time, there are three (3) for profit business enterprises on the Bois Forte (Nett Lake) Reservation; Bois Forte Sawmill Enterprise, Bois Forte Wild Rice Enterprises, and Bois Forte Multi-Service Enterprise. There exists a great need for the following in each of the businesses: Management - Financial assistance in all areas of management training of personnel, and Marketing - Technical assistance in marketing of products, training of personnel, and financial assistance in market development.

The Bois Forte (Nett Lake) Reservation is fortunate to contain an abundance of two very valuable natural resources; timber and wild rice. We are in the beginning stages of development of two businesses regarding these two natural resources: the Bois Forte Sawmill Enterprise, Inc., and the Bois Forte Wild Rice Enterprise, Inc. In addition, we have one other for profit enterprise, Bois Forte Multi-Services Center Enterprise, Inc.

1. Bois Forte Reservation Sawmill Enterprise, Inc. In 1974, the Bois Forte Reservation initiated a two phase development of our timber resources, namely the Sawmill Enterprise. Funding for Phase I of this project totaled $406,000.00 with joint funding provided by the Economic Development Administration, Bureau of Indian Affairs, Upper Great Lakes Regional Development Commission, and the Bois Forte Reservation Business Committee. The Sawmill Enterprise, Phase I, was fully in operation by August, 1975, and basically, the Sawmill Enterprise was initiated and the project was completed and in operation by September 1980, at a total cost of $825,000.00. Joint funding was provided by the Economic Development Administration and the Bois Forte Reservation Business Committee via a Bureau of Indian Affairs business development loan. Total project cost including PhaseI and Phase II amounted to $1,231,000.00. The Bois Forte Sawmill Enterprise has not been in operation since August, 1981. There are many reasons for this, however, the two main causes were poor management and marketing. The administrative arm of the Bois Forte Reservation realizes that without good management, our Sawmill Enterprise will never be able to provide employment and make a profit for the reservation. We are requesting financial assistance to implement a program to provide management and marketing skills in order to make the Sawmill Enterprise a profit making business. We are in the process of finalizing a sawmill study through the Bemidji Bureau of Indain Affairs office and the Minnesota Department of Natural Resources that should be complete by March 31, 1982. This preliminary report will advise the Bois Forte Reservation as to the best possible production capabilities of the Sawmill including actual daily/monthly production rate, potential production rates, quality of lumber produced, present mill condition, and what requirements are needed to go back into production, and factors limiting production such as personnel, flow pattern of mill, and mill condition. This preliminary study will provide us with information needed to be operational. In summary, financial assistance is needed to provide the Bois Forte Reservation with management and marketing skills to make the Sawmill Enterprise a profitable business.

2. The Bois Forte Wild Rice Enterprise, Inc. The Bois Forte Wild Rice Enterprise is in it's first year of operation. The project was funded by the Department of Housing and Urban Development, Indian Community Block Grant Program for $300,000.00 and the objectives of the project were to provide employment and provide the best possible price of the wild rice crop harvested annually on the Bois Forte Reservation. The Wild Rice Enterprise processes, packaged, and markets the wild rice product. The problem at the present time is the Enterprise currently has an inventory of over 48,000 pounds of wild rice and no potential bulk sales markets. We are slowly establishing markets for our packaged product adn our goal is to have established markets by September 30, 1982, for 125,000 pounds of packaged wild rice. We need marketing assistance to solve the immediate problem of over inventory, 48,000 pounds of will rice. We also are seeking financial assistance for future management and marketing aspects of this business. 3. Bois Forte Multi-Service Center, Inc. The Bois Forte Multi-Service Center Enterprise was funded of $290,000.00 by the Department of Housing and Urban Development, Indian Community Development Block Grant Program and is currently in it's second year of operation. Again, the problems with this business involve management and marketing. In summary, an overall program is needed to provide ongoing training in management and marketing of our three business enterprises. Of the three, the need for this expertise is most critical, at the present, for the Sawmill Enterprise because of the out of operations status. An estimated budget to provide these services is as follows:

Management: Qualified Sawmill Manager - $35,000.00 salary X 2 yrs =	$70,000.00
Working Capital; Accounts payable, needed repairs to become available	$110,000.00
Overall Management and Marketing plan, Bois Forte Sawmill, Wild Rice, Multi-Service Center Enterprises	40,000.00
Total	$220,000.00

Agency: Bureau of Indian Affairs, Hunting and Fishing Rights, Protection Conservation, Natural Resources Development. There is critical need to developmentally protect this reservation's vast natural resources and to insure all proposed economic ventures

comply with the Federal environmental statutes and the traditional cultural beliefs regarding the utilization of nature. In order to effectively manage and protect the natural resources of the reservation, it is necessary to diligently oversee this conduct of those who use these natural resources in order to prevent overuse or abuse and to enforce such conservation and natural resources codes, statutes and ordinances as many be applicable under Reservation and United States Law. Due to the geographical distance between the Districts of the Reservation, the potential to monitor 127,121 acres of Lands, Forests, and Wetlands, and the high concentration of Tourist Traffic in these areas we must provide an absolute minimum of five academy trained professional conservation officers for this purpose. Legal issues within these areas are becoming more complex in our rapidly growing Nation and it is imparative we protect the rights of all residents and users of this reservation.
APPROPRIATIONS: 1979, $74,498.00 1980, $91,207.00 1981, $55,645.00 1982, Estimated
Funding Amount Needs 1983, $140,204.63 1984, $146,200.00 $23,200.00

Agency: Bureau of Indian Affairs, Judicial Services. Bois Forte Reservation citizens require a neutral forum of air and settle disputes that arise between themselves and between citizens and their Government. It is intended to provide maintenance for the adjudication of the Code of Indian Tribal Offenses as revised by the Bois Forte Reservation Business Committee, the Bois Forte Conservation Code, and the enactment and enforcement to of a new Bois Forte Children's Code. The Court of Indian Offenses and the Conservation Court shall provide such a forum where objective standards and consistent, impartial procedures can be applied to each dispute. Bois Forte for the past two years has received Juvenile Justice Prevention Funds for the support of the Bois Forte Children's, Court and its development. (Juvenile Justice Prevention Funds will cease the end of 1982). We seek increased funding from the Bureau of Indian Affairs in providing this forum. The Bureau of Indian Affairs has a responsibility to the Federally Recognized Indian Tribes and Reservations of this nation. These needs for fair and imparitive as our Tribal Court grows, and we must meet the complex needs for fair and impartial adjudication for all codes of the Bois Forte Reservation.
Appropriations: 1979, $119,460.00 1980, $137,825.00
1981, $57,700.00 1982, $47,700.00
Funding Amount Needs, 1983, $140,700.00 1984, $140.700.00

Agency: Bureau of Indian Affairs, 93,638 Self Determination. (Tribal Government Development) Tribal government capabilities are critically needed in expansion efforts of Reservation development. The most critical project needs are in the areas of land resources management, realty, Tribal Taxation Program and water services administration. Blocks of reservation lakeshore land have been and are still being developed for leasing. Population is increasing, housing units and housing sites are being developed and expanded requiring the crucial need for a sound water services administration. Recent supreme Court decisions are clarifying and permitting certain Tribal Taxation rights that we must develop, enact, and enforce. This new area of opportunity is important to Reservation development and its survival. It is felt these goals and objectives can be accomplished and 638 Self Determination gives us a means for such development and expansion.
Appropriations: 1979, $76,480.00 1980, $39,300.00
1981, $49,300.00 1982, $39,300.00
Funding Amount Needs, 1983, $64,700.00 1984, $60,000.00

Agency: Bureau of Indian Affairs, Law Enforcement Services. The Minnesota agency assumed responsibility of the Nett Lake Police Department on January 1, 1981 and has strived to maintain adequate law enforcement services without reduction in these services. We are presently operating an under staffed police department with an extremely small support budget. It is quite evident that the FY82 projected cost of operation cannot be met without additional funds. Therefore, we are requesting $87,951.00 supplemental funds to meet the needs for the current fiscal year and for FY83 operations supplemental costs.

Agency: Department of Interior,Indirect Cost. Very serious problems exist nationally and locally on the Bois Forte Reservation concerning the Indirect Cost program administered by Indian tribes. It is our understanding that Congress and the Department of the Interior is taking a close look at the program and attempting to find solutions to resolve these problems. We totally support the idea. However, the Bois Forte Reservation is seeking it's own solution to problems encountered by the reservation in regard to FY80 and FY81 indirect cost expenses. We would not negotiate a rate during these years due ot the fact that our tribal accounting system was not certifiable according to indirect cost rate standards. We have just completed a complete evaluation and overhaul of our financial system and on Friday, February 19, 1982, completed FY82 indirect cost rate negotiations which resulted in a negotiated indirect cost rate of .2475, subject to minor adjustments to use the words of the Department of Interior indirect cost reate negotiator, "the Bois Forte Reservation financial accounting system has shown a remarkable improvement since the last negotiation session, March, 1981, and there is no problem in granting an indirect cost rate for FY82". The problem that now exists for the Bois Forte Reservation is recovery of indirect cost/administration expenses. We are requesting that each indirect cost pool eligible funding agency be required to open negotiations with the Bois Forte Reservation to recover indirect cost/administration expenses that occurred during FY80 and FY81. It is our contention that these funds are in fact legitimately recoverable and due the Bois Forte Reservation.

Agency: Bureau of Indian Affairs, Education. Reservation schools and Indian Education in general are peculiar institutions. They are peculair because they must completely rely upon federal and state funding sources for their entire budget. The Nett Lake School for example, is located on the Bois Forte Indian Reservation in northeastern Minnesota, it is an independent district, and has almost no taxable value. The valuation of the district is $22,000 which contributes $1,230 per year to the operation of the school. Other Indian Education programs operated in other independent districts find that any Indian Education programs and services provided must be provisioned by special congressional and legislative appropriations. The overwhelming majority of school districts have never availed general funds or (hard money), for the purpose of improving the educational success of Indian students. As a result of the two above conditions any change in congressional philosophy or appropriations immediately and severely impacts Indian Education.

The history of Indian Education in this county has been a national disaster. Only during the past decade has this national disgrace begun to be addressed. Unfortunately, many programs established to approach solutions to the Indian Education problem have either been dismantled, or are in the process of being dismantled, or have or will take severe funding cuts. The present administration's Indian Education budget proposal if adopted will not only stop the clock of progress, but turn it back to the extent of destroying recent advances. Following are some specific educational concerns of the Bois Forte Reservation Business Committee and the Nett Lake Independent School District #707.

Johnson O'Malley: The 1982 appropriations reduce funding by 35%, and since 1976 has been reduced to Minnesota Indian children by almost 65%. These figures do not take into account inflationary considerations. Previous funding levels should be restored and increased to take into deliberation present distribution formulas.
Title IV (Indian Education Act): The Bois Forte Reservation has two concerns relating to Title IV. 1. Appropriations should not be cut for this program. 2. The Bois Forte Reservation hereby goes on record opposing moving Title IV from the Department of Education to the Department of Interior. In the event the Department of Education is disbanded and Title IV becomes department responsibility of the Interior and Bureau of Indian Affairs we support the following opinion: A. Under no circumstances should Title IV and Johnson O'Malley be combined in any form.
B. Present rules and regulations of Title IV should remain intact.
Headstart: President Reagan vowed not to tamper with the successful Headstart program. Nevertheless the Headstart has come under scrutiny by the Office of Management and Budget which has proposed everything from budget cuts to blockgranting Headstart programs.
Impact Aid: Twenty-five percent of the total budget of the Nett Lake School is from Impact Aid. In 1982 our school took a 14% cut in Public Law 874. This cut truly impacted upon the education of Indian children. Impact Aid should be restored to its previous funding levels. Further cuts could well close schools presently serving Indian Reservations.
Higher Education/Adult Vocational Training: There are 200% more Indian people desiring to enter post-secondary education now than there were a decade ago in the state of Minnesota. Although applications for post secondary education have doubled funding has not. In fact past post-secondary educational programs were cut in 1982. In the area of vocational education alone the Minnesota Chippewa Tribe had received 650 applications yet were able to fund 280. We support no future cuts in Bureau programs that affect post-secondary education for Indian people. For further information, contact David H. Villebrun, Executive Director; or Cyril Kauchick, Director of Education at 218/757-3261; or Weldon (Bill) Michael, Superintendent, Independent School District #707 at 218/757-3330.

Agency - Indian Health Service. Our goal is for the purpose of improving standards of health maintenance and medical care for the Indian population residing on or near the Bois Forte Reservation. Our Community Health Representative Program we are operating at less than 90% of the fiscal year 1981 level. The Community Health Representative Program was set at $61,396 though operated at 82.6 of that figure until February 1, 1982, when we started to operate at 79% of the 1981 level. We are now operating at $32,335 for the remaining eight months, if no futher cuts are given. The Health Program provides services in areas of Supplemental Health/Social Services and Community Health Education; with these main services on preventive health care. With the budget cuts already in effect and future cuts anticipated, we have to lay off some staff, which is all ready small, we cannot give the people of the Bois Forte Reservation their right of improving standards of health maintenance and medical care. The Contract Health Care, Medical and Dental, and other programs management, Dental Hygenist, lease funds, and Community Health Representative Programs have all been cut to 90% of fiscal year 1981 except the Community Health Representative Program which is not at 79% of fiscal year 1981 budget of the

Office of Environmental Health we received $131,000 in fiscal year 1979, 0 funds in fiscal year 1980 and only $43,000 for fiscal year 1981. Received from the Indian Health Service is a letter dated December 17, 1981 for Emergency Care Only. A compution of obligational authority in 90

MAILGRAM FROM THE EASTERN BAND OF CHEROKEE INDIANS

SENATOR JAMES MCCLURE
U.S SENATE
WASHINGTON DC 20510

FEB 2 6 1982

DEAR SENATOR MCCLURE

I WOULD LIKE TO TAKE THIS OPPORTUNITY TO MAKE SEVERAL REMARKS CONCERNING THE PROPOSED BIA AND IHS FY83 BUDGETS FOR THE BIA REALIGNMENT PROPOSAL, AND TO OFFER SUPPORT TO THE STATEMENTS MADE BY MICHAEL D TIGER, PRESIDENT, UNITED SOUTH AND EASTERN TRIBES.

THE PRIMARY RECIPIENTS OF SERVICES BY BOTH THE BIA AND IHS AGENCIES SHOULD HAVE CONSIDERABLE MORE THAN TOKEN INPUT INTO THE POLICIES OF THE FEDERAL AGENCIES ENTRUSTED WITH HONORING THE GOVERNMENT TO GOVERNMENT RELATIONSHIP WHICH EXISTS. IF AGENCY "IMPROVEMENTS" ARE NOT MADE WITH THE INTEREST AND ADVISE OF BOTH THE AGENCY AND TRIBES IN MIND, THE JUSTICE AND EQUITY OF SELF DETERMINATION HAVE BEEN IGNORED FOR THE SALE OF BUDGET OR ADMINISTRATIVE POLICIES WHICH ARE ARTIFICIALLY BEYOND QUESTIONING.

I HOPE THAT THE GROWING STRENGTH OF TRIBAL SELF DETERMINATION ARE NOT CASUALTIES OF BROKEN CAMPAIGN COMMITMENTS OR BUREAUCRATIC NEGLECT. TRIBES MUST BE CONSULTED AS A REGULAR MATTER OF COURSE AND ANY PLANNING PROCESS WHICH WILL AFFECT THEM.

I REQUEST THAT TRIBES BE GIVEN THE OPPORTUNITY TO PROPOSE COST EFFECTIVE ALTERNATIVES TO AGENCY PLANS WHICH WILL PROVIDE SERVICES AND BUDGETS IN PROPORTIONS DEEMED APPROPRIATE BY THE INDIVIDUAL TRIBES. I SUGGEST THAT SUCH AN OPPORTUNITY WILL AFFORD THE TRIBES THEIR ESSENTIAL INPUT INTO AGENCY PLANNING AND REDUCE THE POTENTIAL FOR DISRUPTIVE CHANGES IN PROGRAM OPERATION.

I FIRMLY BELIEVE THAT THE NEEDS OF THE TRIBE MUST BE CONSIDERED FIRST BY THE TRIBES THEMSELVES AND THEN, CAREFULLY CONSIDERING TRIBAL ASSESSMENT, BY THE AGENCIES SERVING THE TRIBES. THIS WOULD COME CLOSER TO A NEW FEDERALISM THAN A CONTINUED PATERNALISM SINCERELY
JOHN A CROW PRINCIPLE CHIEF EASTERN BAND OF CHEROKEE INDIANS

STATEMENT OF ROLLIN V. RYAN, TRIBAL CHAIRMAN, SISSETON-WAHPETON SIOUX TRIBE

My name is Rollin V. Ryan, and I am the Tribal Chairman of the Sisseton-Wahpeton Sioux Tribe which is located in northeastern South Dakota at Sisseton. I herein express my appreciation to the subcommittee for allowing me to present testimony on behalf of my Tribe.

My concerns directly relate to fiscal year 1983 appropriations for the Bureau of Indian Affairs and the Indian Health Service especially as these appropriations relate to the BIA's Sisseton Agency and the IHS's Sisseton Service Unit.

The context of my testimony stem from two basic priorities that have been established for my administration as Chairman of the Sisseton-Wahpeton Sioux Tribe. First, economic development and economic self-sufficiency based upon my understanding of our 1867 Treaty provisions ranks highest in priority. Secondly, the enhancement of Tribal capabilities to perform essential governmental, educational, and socio-health responsibilities on our reservation ranks very high in priority.

FOR BIA-APPROPRIATIONS:

A. EDUCATION:

I strongly oppose the effort of the Interior Department to transfer responsibility of educating Indian people who are residents of/on Indian trust property, or Indian Country, to the States and public school districts. Our Sisseton Wahpeton treaty provisions of February 19, 1867, clearly makes this responsibility one of the United States and the Tribe. I would advocate a block grant allocation of funds directly to the Tribe so as to administer educational services for preschoolers, grade and high school students, and college and vocational education students. Such a fulfillment of Treaty obligations would ease tensions on the reservation between Indians and non-Indians over sensitive racial issues that arise in the public school systems; and, further it would place the responsibility of providing quality educational services squarely on the shoulders of the Tribal structure rather than on well-meaning public school administrators who are not prepared and ought not be expected to deal with racial issues in the school arising from non-educational sources.

I also oppose the closing of the BIA's Wahpeton Indian school located at Wahpeton, North Dakota. This school provides educational, rehabilitative, and protective care for over 250 Indian grade schoolers whose only mistake in life is that they are victims of neglect or abandonment by parents who are suffering from alcoholism or poverty. I please for the school's continuation or a replacement alternative that would provide funds to those Tribes who have children in the school so that such Tribes can provide equal services for the benefit of such children on their home reservations.

B. INDIAN SERVICES:

Indian services amount to the safety-net programs of the Tribe, and as such I encourage liberality in maintaining high levels of appropriation for these programs especially for carrying out provisions of the Indian Child Welfare Act. As this Committee well knows, Indian people have been hit the hardest this year *by the specter of unemployment, inflation, and most of all recession which have contributed toward annihilating private sector initiative in creating business opportunity for profit and jobs on the reservation. Treaty obligation, not the concept of handout, mandates maintenance of essential Indian services on the reservation whether they be tribal government services, social services, law enforcement, housing, or self-determination services. Additionally, I would encourage members of this committee to discuss with their colleagues in the Congress the overwhelming merits of taking equitable shares of funds from the Departments of Health and Human Services and Housing and Urban Development whether for health or social or housing programs; and channeling such funds to the Bureau of Indian Affairs' Indian Services where such programs can be directly delivered to the needy, thus alleviating costly overhead expenses in those other departments. Specifically, I would encourage return of Indian Health Service responsibilities to the Bureau of Indian Affairs and HUD-Housing to the Bureau of Indian Affairs housing program, whether in construction or repair of Indian homes. Overlaps of authority between departments are costly and expensive.*

C. ECONOMIC DEVELOPMENT AND EMPLOYMENT:

Our reservation economy has an economic and monetary level that is obligated to pay for those essential consumer services in the community. To expect this economy to expand is unrealistic inasmuch as more capital than is currently on hand is required. Hence, appropriations in economic development is essential if the local capacity is to be maintained in promoting economic ventures. For our Tribal communities, we endorse the establishment of economic zones and the creation of generous tax incentives for industrialists to use in absorbing the cost of relocating to the reservation. We urge you and your colleagues to advocate the relocation of the defense industries to Indian Country.

FOR THE INDIAN HEALTH SERVICE:

A. SISSETON HOSPITAL:

I urge the Committee to consider the needs of our Sisseton IHS Hospital facility. At a recent General Council meeting of Tribal members, I was mandated to search for ways to replace our present facility, which was constructed in 1936 and is antiquated and inadequate for intensive inpatient care. Due to this situation, IHS physicians have been sending patients to the University of Minnesota hospital in Minneapolis, Minnesota, on a routine basis (weekly) under the contract care budget of the Sisseton Service Unit. The IHS evaluation tools have ranked *the Sisseton facility very low, due to this practice. IHS staff are recommending a remodeling of the facility at a cost of $1½ to $2 million dollars. In either case, whether replacement or remodeling, I urge the Congress to provide appropriations either for replacement of the facility or remodeling so that by October 1, 1983, our Sisseton Wahpeton Sioux can enjoy the benefits of good quality inpatient care in their own facility.*

Statement of the National Urban Indian Council

THE NATIONAL URBAN INDIAN COUNCIL IS THE ONLY NATIONAL COMMUNITY BASED ORGANIZATION REPRESENTING THE INTERESTS OF OFF RESERVATION AMERICAN INDIAN AND ALASKA NATIVE PEOPLE. THIS GROUP CURRENTLY CONSTITUTES OVER HALF OF THE TOTAL AMERICAN INDIAN AND ALASKA NATIVE POPULATION. ON BEHALF OF THEIR ORGANIZATIONAL REPRESENTATIVES AND MANY OF YOUR CONSTITUENTS, WE ARE PLEASED TO BE GIVEN THIS OPPORTUNITY TO PRESENT OUR COMMENTS ON THE F.Y. 1983 PROPOSED BUDGET FOR THE BUREAU OF INDIAN AFFIARS (BIA) AND THE INDIAN HEALTH SERVICE (IHS).

THE BIA IN ITS 1983 BUDGET REQUEST AGAIN PROPOSED TO DIVEST ITSELF OF ITS TRUST RESPONSIBILITY TO ALL INDIANS AND ALASKA NATIVES, AND FURTHER, TO IGNORE THE DIRECTION OF THE UNITED STATES CONGRESS BY FAILING TO MAKE ANY PROVISION FOR OFF-RESERVATION AMERICAN INDIANS AND ALASKA NATIVES. OF PARTICULAR CONCERN IS THE INDIAN CHILD WELFARE ACT. EACH YEAR SINCE THE LEGISLATION WAS ENACTED, THE BIA HAS ATTEMPTED TO FIND A WAY TO REMOVE ITSELF FROM ITS TRUST RESPONSIBILITY TO OFF-RESERVATION AMERICAN INDIANS AND ALASKA NATIVES. THIS YEAR THE BIA, ONCE AGAIN, PROPOSED TO REDUCE FUNDING FOR F.Y. '83 FOR THE INDIAN CHILD WELFARE ACT FROM $9.6

MILLION IN F.Y. 1982 TO $7.7 MILLION IN F.Y. 1983, NONE OF WHICH IS TO BE USED TO SUPPORT GRANTS TO OFF-RESERVATION GROUPS UNDER TITLE II OF THE INDIAN CHILD WELFARE ACT. WE ARE OF THE OPINION THAT IT WAS THE INTENT OF CONGRESS THROUGH THE ENACTMENT OF THIS LEGISLATION TO PROTECT THE FAMILIES AND CHILDREN OF ALL ALASKA NATIVES AND AMERICAN INDIANS, NOT MERELY THOSE THAT BIA CAN FIND RESIDING WITHIN RESERVATION BOUNDARIES. THEREFORE WE RECOMMEND THAT FULL FUNDING FOR THE INDIAN CHILD WELFARE ACT BE RESTORED FOR FISCAL YEAR 1983, AND FURTHER, THAT CONGRESS MAKE PROVISIONS TO INSURE THAT THE BIA NOT BE ALLOWED TO DIVEST ITSELF OF ITS TRUST RESPONSIBILITY BY FINANCIAL ABROGATION.

THE SECOND APPROPRIATION FIGURE WE WOULD LIKE TO TAKE STRONG ISSUE WITH IS THE INDIAN HEALTH SERVICE (IHS) LEVEL FOR URBAN INDIAN HEALTH CARE. THIS ITEM HAS BEEN REDUCED FROM $8.1 MILLION IN F.Y. 1982 TO -0- FOR F.Y. 1983. AS WITH BIA FUNDING, EACH YEAR WE MUST COME BACK TO THE APPROPRIATIONS COMMITTEE TO ADVISE THEM OF IHS'S EFFORTS TO ABROGATE ITS RESPONSIBILITY THROUGH -0- FUNDING FOR OFF-RESERVATION GROUPS. THIS SMALL AMOUNT OF MONEY ($8.1 MILLION IN 1982) REPRESENTED LESS THAN 1% OF THE OVERALL IHS BUDGET, BUT MUST PROVIDE FOR THE HEALTH CARE NEEDS OF OVER 50% OF THE TOTAL INDIAN AND ALASKA NATIVE POPULATION. WE STRONGLY RECOMMEND FULL RESTORATION OF FUNDS FOR THE URBAN INDIAN CONTRACTS UNDER TITLE V TO THE F.Y. '83 AUTHORIZED FUNDING LEVEL.

FINALLY, WE WOULD LIKE TO SUGGEST THAT CONGRESS RECOMMEND THAT THE BUREAU OF INDIAN AFFAIRS CONTRACT WITH THE NATIONAL URBAN INDIAN

COUNCIL IN A SUFFICIENT AMOUNT TO SUPPORT THE ACTIVITIES OF THE COUNCIL. SINCE THE BIA ASSUMES THAT "SOMEONE ELSE" WILL TAKE CARE OF OFF-RESERVATION AMERICAN INDIANS AND ALASKA NATIVES WE ARE OF THE OPINION THAT CONGRESS SHOULD INSURE THAT "SOMEONE" IS LOOKING OUT FOR THE INTERESTS OF THIS POPULATION. THE NATIONAL URBAN INDIAN COUNCIL WOULD GLADLY ACCOMPLISH THIS TASK FOR THE GIVEN ADEQUATE RESOURCES. TOWARD THAT END WE FEEL SUCH AN EFFORT WOULD INSURE A MORE FULLER TRUST RESPONSIBILITY AND A MORE EFFICIENT USE OF THE TAXPAYERS DOLLAR BY A MORE COORDIANTED FEDERAL, STATE AND LOCAL SERVICE DELIVERY EFFORT.

WE APPRECIATE THIS OPPORTUNITY TO SHARE WITH YOU OUR THOUGHTS ON THE F.Y. '83 BUDGET FOR BIA AND IHS. THE COMMITTEES ACCEPTANCE OF OUR RECOMMENDATIONS WILL BE SINCERELY APPRECIATED.

STATEMENT OF ARTHUR S. BENSELL, CHAIRMAN, CONFEDERATED TRIBES OF SILETZ INDIANS OF OREGON

The Confederated Tribes of Siletz Indians of Oregon (the Siletz Tribe) wishes first to go on record thanking Chairman Yates and the other members of this Subcommittee for the opportunity to submit this statement regarding the Indian Health Service.

This statement addresses the specific problems and needs of the Siletz Tribe, which is uniquely situated. However, we believe that its message encompasses a broader area of concern, namely, specific commitments to funding of contract health services, which will be of concern to the Subcommittee generally.

Background

The Siletz Tribe is headquartered near the coast of western Oregon, in Lincoln County. The Tribe lost its federal recognition by the Western Oregon Termination Act in 1954. All of the Tribe's lands were sold, allotted lands lost their trust status, and the federal relationship was severed. As a result, tribal members lost their homes and means of living; many, if not most, were forced to move away from the former Siletz Reservation.

The results to the Tribe were disastrous. By the late 1960s, tribal leaders were reorganizing the Tribe with the goal of regaining desperately needed social service programs, particularly health care assistance. Statistics gathered during the Tribe's restoration efforts regarding the health conditions of tribal members were later confirmed by official tribal and IHS funded studies in the late 1970s. (See below.)

The Tribe's restoration efforts were finally successful. In 1977, Public Law 95-195 was enacted, restoring the Tribe's federally recognized status and directing the Secretary of the Interior to return to Congress within two years with a plan for re-establishment of a reservation for the Tribe. An exhaustive study of the Tribe's social, economic, and governmental conditions was undertaken by the Department of the Interior, resulting in the Siletz Reservation Plan issued in January, 1980, and adopted by passage of the Siletz Indian Reservation Act, Public Law 96-380. in September, 1980.

Eight-County Service Area

Because of the unique history of the Siletz termination and population dispersal, Congress established an eight-county service area in western Oregon for the delivery of federal services to tribal members. Residence in the eight-county area is deemed equivalent to "on or near" the reservation status required for many federal health programs. (In fact, no tribal members live on the Tribe's reservation, which consists largely of isolated timber tracts.) The Congressional commitment is to delivery of services within the eight-county area comparable to that "on or near" the reservation of other tribes.

Tribal Health Conditions

The Siletz Reservation Plan (1980) found that more than one-third of Siletz families have below poverty level incomes and that nearly half are unemployed. Oregon has now slipped into its worst recession since the Great Depression. Indian people, as usual, are suffering the effects in the extreme, so the above statistics are undoubtedly less severe than today's actual conditions.

Many Siletz families can not afford routine medical or dental care. There is a high incidence of serious health problems, including a 44% death rate due to cardio-vascular disease, as well as severe dental, alcoholism, and nutritionally related problems. The high incidence of such problems was directly correlated to lack of primary health care, among other factors, in the Siletz 1979 Tribal Specific Health Plan.

Indian Health Service Assistance

Siletz tribal members receive most of their IHS assistance through contract services with local practitioners, health clinics, and pharmacies. Tribal members can receive direct services at the Chemawa School's health center in Salem, Oregon (100 miles from the town of Siletz, where the Tribe is headquartered). The Chemawa center also serves students and all other Indians throughout western Oregon. Most of the Tribe's members who live in the eight-county service area live far more than 25 miles from Chemawa. There is no funding or staff to transport members to Chemawa, and the trip often involves travel through mountainous, hazardous areas. There is no public transportation available.

As a result, most Siletz tribal members are dependent on contract services to receive the minimum level of health care services it is the goal of IHS to deliver to federally recognized tribes. They do not have the direct services that would be available if they could live on a reservation with a direct care facility.

Contract care dollars are thus of critical importance to the Siletz Tribe. Regular direct care is not a real alternative for most tribal members because of the distance and expense involved in utilizing the limited Chemawa services.

The Siletz Tribe's situation is unique. Its disproportionate reliance on contract care funds has resulted in its present crisis. Because of the administrative and budgetary practices related to contract health care, Siletz tribal members are suffering even more real cutbacks in care than the greater Indian population.

There are two basic reasons for this. The first is that as federal health dollars shrink, contract care is an easier budget to cut. Direct care funds go to supporting facilities and staff readily and necessarily funded on a regular, continuing basis. Savings are hard to achieve. Contract services are separable into many discrete budget expenditures and the cuts are not as visible in their effects - except to the individuals who no longer receive services or who receive a sharp reduction in the types of services available. As a result, contract care has been cut more than direct care.

As far as remaining contract funds are concerned, when funds are insufficient to provide needed services for the population residing in a particular service area, priorities for services are set which reflect categories of relative medical need. See 42 C.F.R. § 36.23(e). Within Region X (where the Siletz Tribe is located), these priorities are set on a regional basis. This year (FY 1982), only Priority 1 level services have been provided, that is, emergency services only. Over the past five years, broad levels of contract services have been available throughout the fiscal year until funds "got tight," then Priority 1 has gone into effect as a crisis measure. Once in effect, Priority 1 precludes the delivery of any level of care except emergency services.

Within Region X, each of the dozen service areas is "allocated" a certain level of contract care funding at the outset of each fiscal year. The allocation formula takes into account the relative need for contract services. In the Western Oregon Service Area, which serves the Siletz Tribe, the relative need is high because of the lack of an on-reservation direct care facility and dispersal of the tribal population in the eight-county area. However, a Region-wide shortage of funds hits Siletz the same way as the other Tribes. A pullback to Priority 1 spending is decreed for all, even though the Siletz tribal members do not have the direct care service available that most tribes have.

As an example, the Siletz Tribe was allocated $504,000 for contract care for FY 1981. In February 1981, a Priority 1 directive was issued by the Portland Area Office. The service unit staff serving the Tribe was prudent in utilization of funds because of the shortage. Such prudence was not rewarded, since the Siletz "savings" (at the expense of the routine health care not included in Priority 1) were utilized to cover the Region's deficit. The Siletz Tribe ended up with total contract expenditures of $336,797 - 66% of the amount originally deemed necessary for proper health care by the Region's administration. Siletz tribal members do not have a reservation they can choose to live on in order to be close to a direct care facility. Their dependence on contract care funds is direct and unavoidable. They have been denied the primary health care they unquestionably need, and are limited to only emergency assistance.

Suggestions

The Siletz Tribe does not claim to know of a definitive solution to the problem posed above. However, we do have some suggestions.

First, a comprehensive study of the Region X situation should be made in order to discover trends in shortfalls over the past decade. Such a study should result in a reasonable forcast of what should be set aside regionally as a contingency fund to cover shortfalls, so that individual tribal allocations do not have to be reduced.

After such a fund is established, a binding commitment of contract health funds should be made to each service unit. Each service unit would then have the responsibility to manage its funds prudently during the fiscal year, with the knowledge that contingency funds would only be available on a showing of truly exigent circumstance. The current system, in contrast, encourages wide-open expenditures until the Priority 1 directive hits. The members of the prudent Tribe therefore suffer because of the expenditures made in not-so-prudent areas - factors the former cannot control.

This type of commitment to funding levels is entirely consistent with the trust relationship which exists between the federal government and Indian tribes. Specified budgetary commitments are regular practice in similar programs run by the Bureau of Indian Affairs (e.g., education and housing). In fact, it is far more responsible to make such commitment than to leave the Tribe in a constant state of uncertainty about funding levels when so many tribal members are out of work, out of money, and looking to the Tribe and IHS as their only source of help. With a definite budget, the Tribe will know where it stands and can plan accordingly.

Conclusion

The best solution, of course, is full funding for Indian Health Services in all areas, funding which keeps pace with the inflationary cost of health care, funding which is sensitive to the fact that Indian people remain at the bottom levels of our socioeconomic scales and suffer the most severe health problems in our nation.

Barring that, commitments can and should be made for definite amounts, so that Tribes can exercise their self-determination rights to plan and make expenditures according to their service population's needs.

The following is an indepnndant study of the regionalization concept as proposed by the B.I.A. This study, produced outside the parameters of the Chamber of Commerence study, was written by other concerned Aberdeen area citizans. We offer the following as additional information in support of our position.

We, the undersigned citizens and taxpayers of Northeastern South Dakota, use this open letter as the most direct means of communicating to the Honorable James Watt, Secretary of the Interior and the South Dakota Congressional Delegation of our concern about moving the Aberdeen Area Office of the Bureau of Indian Affairs to Rapid City.

We read newspaper releases and listen to television news and understand that the whole purpose of this move is to save $16,000.000 of taxpayers money by consolidating the twelve existing area offices into six. We further understand that this is a pending proposal and is currently under consideration by the Appropriations Committee.

Please, rest assured gentlemen, that all of us are concerned about the state of this Nation's economy and wholeheartedly endorse the President's economic programs.

In the move to conserve tax dollars, there appears to be some serious unanswered questions abouth the economy of the move. There arises the need to take a deeper look at this issue. The following are examples of what causes our concern:

1. Reducing twelve area office to six:

It is our understanding that the entire effort to save $16,000.000 is to close six of the 12 area offices and consolidate them into six centers. On the face of this issue, it appears that overall operations would be cut in half. We understand, however, that in the "numbers game", the existing offices and proposed changes, when compared, look like this, i.e., offices reporting to Washington:

PRESENT	PROPOSED
1. Aberdeen Area Administration	1. Combine Aberdeen and Billings at Rapid City.
1a. Aberdeen Area Education	1a. Combine Aberdeen, Billings, Minneapolis and Northern portion of Eastern Area at Minneapolis.
2. Albuquerque Area Administration	2. At Albuquerque (little basic change).
2a. Albuquerque Area Education	2a. Combine Albuquerque, Phoenix and Sacremento at Phoenix.
3. Anadarko Area Administration	3. Combine Anadarko, Muskogee and Southern portion of Eastern Area at Oklahoma City, Oklahoma.
3a. Anadorka Area Education	3a. Combine Anadarko, Muskogee and Southern portion of Eastern Area at Oklahoma City, Oklahoma.
4. Billings Area Administration	4. Combine Billings Area east of continental divide, and Aberdeen at Rapid City, West of continental divide with Portland Area at Portland.
4a. Billings Area Education	4a. Combine Billings Area east ~~east~~ of continental divide with Aberdeen, Minneapolis and Northern portion of Eastern Area at Minneapolis.
5. Eastern Area Administration	5. Divided to Minneapolis and Oklahoma City.
5a. Eastern Area Education	5a. Divided to Minneapolis and Oklahoma City.
6. Juneau Area Admin. and Education	6. Remain basically the same reporting directly to Washington with possible location change from Juneau to Anchorage.
7. Minneapolis Area Administration	7. Combine Minneapolis Area with Northern section of Eastern Area located at Minneapolis.
7a. Minneapolis Education	7a. Combine Minneapolis Area, Aberdeen Area, Northern section of Eastern Area and Eastern portion of Billings Area located at Minneapolis.
8. Muskogee Area Admin. and Education	8. Combined Anadarko Area and Southern portion of Eastern Area at Oklahoma City.
9. Navajo Area Admin. and Education	9. Remain basically the same as presently structured, reporting directly to Washington office located at Window Rock, Arizona.

10.	Phoenix Area Administration	10.	Combined Phoenix Area and Sacramento Area located at Phoenix.
10a.	Phoenix Area Education	10a.	Combined Phoenix Area, Albuquerque Area and Sacramento Area located at Phoenix.
11.	Portland Area Admin. and Education	11.	Combined with Western section of Billings Area located at Portland.
12.	Sacramento Area Admin. and Education	12.	Combined with Phoenix Area and Education portion of Albuquerque Area located at Phoenix.

When the Department news release of February 26, 1982 is analyzed, there is established four education office not now in existence, but originally located in the presently existing Area Offices. These new offices are:

1. Northeast Center, Minneapolis
2. Northwest Center, Portland
3. Southeast Center, Oklahoma City
4. Southwest Center, Phoenix

It is further understood that the present Navajo Area Office and Juneau Area Office are not a part of any of the six new "Centers". These two offices remain independent offices that report directly to the Assistant Secretary of Indian Affairs. In the new proposal, there will be (1) six "Centers" for BIA resources and services, (2) four new "Centers" for education and (3) two independent "Centers". All of this adds up to twelve "new" Centers that are a little bit different than the existing twelve "Area Offices". One of the first questions is what will the differences really be as a result of this reorganization? The second question is what was the logic and rationale in trading Aberdeen off as a consolidated office with Billings when our sister cities of Minneapolis, Phoenix, Portland, Albuquerque and Oklahoma City gained? Window Rock retains Navajo, Juneau retains Juneau. Muskogee, Anadarko remain in Oklahoma City. Only Billings and Aberdeen lose. Who was supporting the need to retain services for the Central Plains Indians? It does not appear that much support was given in consideration of Aberdeen.

2. Saving sixteen million dollars:

The saving of tax dollars raises several questions. Government officials estimate that 207 Aberdeen Area Office employees will be transferred, retired, terminated, or otherwise be required to be involved as a result of the Rapid City move. It is understood there are over 125 BIA employees in Billings that will be moved to Rapid City. Not all of the more than 332 employees will move because of retirements, termination or whatever. Assume that half of the employees transfer and that the average cost to the government to move a family is $10,000. This adds up this way; one half of 332 employees times $10,000 equals $1,666.000. Assume that one-half of the remaining employees retire. It is estimated that the lump sum payments (payment for accrued annual leave) to these persons will average $2,350 per person, or total approximately $192,000. Those not eligible for retirement would be terminated. These people are entitled to lump sum and severance pay. This averages $6,600 per person or $537,800. The cost of moving office equipment, etc., for the two areas is approximately $150,000. Assuming that these figures are about as accurate as possible, the cost of moving for just these three items are:

1.	Moving personnel	$1,660.00
2.	Lump sum payment (retirement)	$ 295,050
3.	Severance pay and lump sum	$ 537,000
4.	Moving equipment and furniture	$ 150,000
		$2,642.050

The Aberdeen Area Office presently occupies 49,235 square feet of space in the Federal Building and old Post Office Building plus 29,000 square feet of parking. The Billings Area Office occupies 25,000 square feet. Presently, the government spends $219,750 annually for rent in Billings and $446,950 a year in Aberdeen. This totals $666,700. Will Aberdeen be able to backfill in the Federal Building? How much will the costs be for office space in Rapid City? There are several other categories that will add to the cost of moving. In Billings, there is an estimated 200,000 pounds of equipment (desks, files, typewriters, etc.) Likewise, there is an additional 500,000 pounds in Aberdeen. It would cost $70 to hook up each telephone in the Rapid City facility. The influx of 100 to 200 federal employees would probably require additional Federal Telecommunications System trunk lines in Rapid City, plus a PBX at the cost of $20,000.

The new office space in Rapid City would have to be painted, redecorated and remodeled to meet the needs of the new office.

In addition to the above outlays, the federal officials and tribal office would have to travel greater distances to conduct their business. These travel costs would incur additional expense to the taxpayer.

If it is going to cost in excess of $3,000,000 to consolidate Aberdeen and Billings into one office, will it cost $3,000,000 each to consolidate the other five offices? If so, in the process of closing and consolidating, it will cost the taxpayers $18,000,000 to save $16,000,000.

3. Service to Indian Tribes:

The issue addressed here is not the least of our concerns. It appears that this was not a major concern in the proposed consolidation, but, nevertheless, it is a major concern to us. The tribes in the Aberdeen Area have been served in a Central location for years. The move will no longer result in a Centralized geographical location for Indian services. For example, the new Northeast Center for Education to be located in Minneapolis will provide education services for eastern Montana, Wyoming, North Dakota, South Dakota, Nebraska, Minnesota, Wisconsin, Michigan, Iowa, New York and Maine.

A preliminary study of school locations, enrollment populations and travel/transportation costs identify the following facts.

PROPOSED NORTHEAST EDUCATION REGION

Total schools in region	49
Number of schools closer to Aberdeen than to Minneapolis.	40 (81%)
Total number of students enrolled in region.	10,498
Number of students living closer to Aberdeen than to Minneapolis.	9,709 (95%)
Cost of visiting each school site for 1½ day on-site plus travel time and transportation cost.	

Aberdeen	vs	Minneapolis	Minneapolis
$28,046		$41,490	32% higher

The following represents the number of employees and number of schools under present education area organization:

AREA	NUMBER OF EMPLOYEES	NUMBER OF SCHOOLS
Aberdeen	28	34
Billings	4	5
Eastern	5	3
Minneapolis	7	7
TOTAL	44	49

This tabulation shows the Area and number of students:

AREA AND STATE	NUMBER OF STUDENTS	%
Aberdeen	8413	83.0
Billings	951	9.0
Eastern	291	3.0
Minneapolis	549	5.0
TOTAL	10204	100.0

These figures definitely reflect that the overwhelming number of students and education activity is located in North and South Dakota, so why move it to Minneapolis? In no way does this contribute to the credibility of making the move for the purpose of saving tax dollars. Beyond the economic question is the point that Aberdeen Area tribes will have to go out of their way.

Moving the education and administrative function causes the Aberdeen Area tribes to travel to three different locations to conduct business with the government. Those concerned with education will go to Minneapolis. Those involved with Indian Health matters will continue to travel to Aberdeen, and for all other services, they will travel to Rapid City. The following estimates identify projected increases in travel costs to tribes as a result of the seperation of offices to three different locations.

	RELOCATED	PRESENT STRUCTURE	% INCREASE
Tribe A	$966.	$210.	459%
Tribe B	$1000	$239.	417%
Tribe C	$1096	$293.	373%
Tribe D	$896.	$295.	303%
Tribe E	$593.	$222.	266%
Tribe F	$1332	$382.	348%

This consolidation does not appear to make economic sense. In fact, it does not appear to be a consolidation at all.

4. The Northeastern South Dakota Economy:

The past three years, drought has hit Northeastern South Dakota hard. This impact on the economy, plus the moving of a $4,500,000 BIA payroll will create additional economic hardship. The multiplier factor in Aberdeen is 4.5%, so this payroll represents some $20,000,000. Added to this is the moving of 207 employees, resulting in 50 or more homes being placed on the real estate market, plus opening of 130 or more rental units.

Those moving to Rapid City will have to purchase replacement housing. The hardship these individuals will experience because of high interest rates and the depressed housing market will require considerable personal sacrifice. The real estate market in Aberdeen will also suffer.

Through this open letter, we feel that Secretary Watt, our Congressmen and Senators should hold a public hearing in Aberdeen to answer our questions and to assure that the proposed consolidation is truly in the best interests of all concerned and above else if it does take place that it is based on the savings of tax dollars and not based on a scheme designed by the Bureaucracy.

MAILGRAM FROM THE SEATTLE INDIAN CENTER

THE SEATTLE INDIAN CENTER EDUCATIONAL PROGRAM STRONGLY OPPOSES THE TRANSFER OF TITLE IV PART C PROGRAMS FROM THE OFFICE OF INDIAN EDUCATION TO THE DEPARTMENT OF INTERIOR BUREAU OF INDIAN AFFAIRS.

IN THE STATE OF WASHINGTON 75 PERCENT OF ALL NATIVE AMERICANS LIVE OFF THE RESERVATION. IF THE FUNDING WERE TO BE TRANSFERRED TO THE BUREAU OF INDIAN AFFAIRS WHICH DOES NOT RECOGNIZE URBAN INDIANS THREE OUT OF FOUR NATIVE AMERICANS LIVING IN WASHINGTON STATE WOULD BE INELIGIBLE TO RECEIVE BASIC EDUCATION FUNDING. THE SCHOOL DROP OUT RATE FOR NATIVE AMERICANS IN WASHINGTON IS 65.3 PERCENT. LACK OF BASIC EDUCATION OR A G.E.D. EXCLUDES THESE PEOPLE FROM AVAILABLE JOBS. TITLE IV PART C PROGRAMS HAVE PROVED TO BE A COST EFFECTIVE AND SUCCESSFUL MEANS OF MEETING THE SPECIFIC NEEDS OF THIS POPULATION.

WE ALSO OPPOSE ANY FURTHER CUTS IN THESE FUNDS. THE NATIVE AMERICAN POPULATION IN KING COUNTY IS GROWING AT AN ANNUAL AVERAGE OF 5.9 PERCENT. WE REQUIRE MORE FUNDING JUST TO MEET CURRENT NEEDS.

IN CONCLUSION WE URGE YOU TO OPPOSE THE TRANSFER OF TITLE IV PART C FUNDS TO THE BUREAU OF INDIAN AFFAIRS AND TO OPPOSE ANY REDUCTIONS IN CURRENT FUNDING LEVELS.

CAMILLE MONZON-KHAMSEI, EXECUTIVE DIRECTORCRAIG COSTA, EDUCATION DIRECTOR

STATEMENT OF JOSEPH FRANCIS, LIEUTENANT GOVERNOR, PENOBSCOT INDIAN NATION

Three community health representative positions are currently authorized for the Penobscot Nation Department of Health/Human Services.

The Portland Outreach Worker was recruited and assigned to serve approximately 50 Penobscot households in southern Maine. The Portland Outpatient Clinic of the U. S. Public Health Service provided office space and telephone; the outreach worker assisted Penobscot families in securing health services at the clinic, and other social and welfare services through appropriate public and private agencies in communities from Kittery on the New Hampshire border to Augusta, a distance of about 100 miles. The changing status of the U.S.P.H.S. clinic has increased the need of these families for outreach and referral services, but denied the CHR a base of operations. Pending resolution of service and CHR funding questions, this outreach worker has had to be laid off at a time of increased need for her services.

The position of Elder Outreach Worker was created to assist the Penobscot health program staff in documenting the health and health-related needs of the elderly and disabled population both on and near the Indian Island reservation. During the first year she visited virtually every elderly tribal member in Penobscot County, and reported special needs to clinical and administrative staff. The Elder Outreach Worker provides linkage and referral services especially to the shut-in and those without access to transportation, and as a last resort provides transportation herself. Not infrequently she must serve as an active advocate with both tribal and outside agencies to secure urgently needed services for those elderly and disabled whose physical and/or mental health make them least able to effectively demand services to which they are entitled.

The Home Health Aide visits Penobscot Indian Health Center patients in their homes to monitor and/or treat either chronic or acute health conditions under the orders of the clinic physician and direct supervision of the registered nurse. This service promotes the well-being of patients at the same time it reduces the frequency and cost of home visits by physician and RN. On occasion this service has enabled patients to avoid admission to extended-care facilities, and reduce length of stay in acute care hospitals.

The Community Health Representatives and the work they do are in no sense peripheral to the health program of the Penobscot Nation. These are among the least costly of our direct service positions, and they may well do more to promote the well-being of our people, and to limit the costs of health services, than any others of our staff. Therefore, the proposed termination of funding will materially affect our ability to deliver cost-effective health services, requiring us to substitute more intensive and more costly services for those now provided by the community health representatives.

Based on our experience, I urge the restoration of funding for the Community Health Representative program, one of the most innovative and cost-effective within the Indian Health Service system.

STATEMENT OF PATRICK DOSS, CROW TRIBAL COUNCIL

Good Morning Chairman McClure and members of the Senate Appropriations Sub-Committee. On behalf of the Crow Tribe of Indians, located in Southeastern Montana, I, Wm, Patrick Doss, along with the Chairman of the Crow Tribe of Indians, Mr. Donald Stewart Sr. and the Director of the Crow Tribal Health Department, Mr. Marshall Left Hand, are pleased to be allowed the opportunity to submit written and oral testimony on the FY 1982-83 Indian Health Service Budget.

We are pleased to announce that, as previously stated before this very sub-committee in February 1980, the Crow Tribe of Indians, utilizing the legal instrument of P.L. 93-638, the Indian Self-Determination and Educational Assistance Act, has successfully completed the construction of the Lodge Grass Health Care Clinic, located in Lodge Grass, Montana. Through the cooperative effort of the Tribal Health Department and Indian Health Service, this 1.5 million dollar health care facility, is scheduled to be in operation on April 1, 1982. The Crow Tribe would like to express their gratitude to Congress in recognizing the health needs of the people of the Crow Tribe through the appropriations process. In addition, the Crow Tribe is proceeding with the construction of the staff housing, to support the Health Care Clinic, also utilizing P.L. 93-638. The housing units are expected to be completed sometime in the Fall of this year.

It is at this time that we would like to express the concerns of the Crow Tribe, as those concerns;relate to the F.Y. 1982-83, Indian Health Service Budget and the expected budgetary cuts proposed by the Office of Management and Budget. We, at the Tribal level, are very aware of the austerity of this day and age, as we have seen an approximate 50% elimination of Federal program funding to the Crow Tribe within the last Ten months. Although the Crow Tribe of Indians, has potential wealth in its Energy Resources, the process towards development of these resources and the subsequent income derived from these resources is many years in the future. In the meantime, as we strive for Economic Independence through self-determination, we, as are all Indian Tribes in this country, totally dependent upon the Congress, through Indian Health Service, for our health care needs. Fifty percent of the Crow population is under the age of Twenty(20) years and we expect to experience a virtual population boom during the 1980's. As our Tribe grows, so will our health care needs.

The Services provided Indian people by IHS, are unique and need to be protected. An example, and proposed program slated to be eliminated entirely during the next year is the Community Health Representative

Program. This program was specifically designed to bridge the gap between modern medical practices and the individual recipient of the health care. Our CHR's are virtually essential to the needs of the Crow people, the first language of the people being Crow. The CHR plays an important role in not only the explanation of health care to the elderly and young on the Reservation, but in preventative and environmental health initiatives and the actual delivery of health care on our Reservation. We, therefore, urge this committee and members of Congress to support the continuation of the Community Health Representative Program as an essential component of the IHS health care delivery system.

Indian Health Service has experienced unprecedented effects as a result of the freeze on hiring over the past year, the longest freeze ever experienced by IHS, according to our Service Unit Director. The attrition rate among nurses, LRN's, and doctors leaves IHS administrators in a Catch 22 position. When a position is vacated, and there are no internal replacements, the administrator cannot fill the positions because of the freeze. Our new Clinic in Lodge Grass, if the hiring freeze is not lifted, will be a prime example of the dilemma. Twenty-four positions are approved for funding, but come April 1st, only a skeleton crew will be present because the personnel is just not available within IHS to fill the new positions. Because of this dilemma, we urge Congress to spare Indian Health Service from federal hiring freezes in the future.

We urge the committee to support the full funding levels for Contract Health Care, alcoholism, dental care, environmental and health care prevention programs along with the continued need for full funding of "121" projects on the Crow Indian Reservation, as well as throughout Indian Country.

In closing, if in fact, Indian Health Service is subjected to budgetary cutbacks, we urge Congress to direct the Director of Indian Health Service, to allow Tribal leaders and Health Departments due participation in the decision making process which will result in a prioritization of programs or management which will be effected. At this point in time, we believe all efforts should be made in "maintaining the service end" of the health care delivery system, provided by IHS, and serious consideration be given to a reduction in force of the middle-management positions at the Area levels. The health care on our Reservation is delivered at the Service Unit and Clinics in the outlying areas, this is where our people receive their most immediate needs and health care. This is where the last cutbacks should occur, just the opposite seems to be the case. Funding at the 100% level for the Service Units and Clinics, along with the much needed Contract Health Care program, is essential to the health care of Indian people. We have come a long way in the past years, let us not take a giant step backward in the field of Health Care Delivery for Indian people.

Thank you for your time and attention in these most important matters.

STATEMENTS OF S. BOBO DEAN, ESQ., METLAKATLA INDIAN COMMUNITY

My name is S. Bobo Dean. I am an attorney with Fried, Frank, Harris, Shriver and Kampelman and have been authorized to submit the following statement on the proposed Bureau of Indian Affairs and Indian Health Service budgets for F.Y. 1983 by our client, the Metlakatla Indian Community.

First, the Community notes that the proposed Bureau of Indian Affairs funding level has been reduced by $16,000,000 to reflect the reorganization of the Bureau's administrative structure. The Community is pleased that the reorganization provides that services to the Annette Islands Indian Reservation will be provided by the Portland Regional Center, rather than through the Alaska Native Field Office. This action is in response to the request of the Metlakatla Community Council and is consistent with the Community's status as the only statutory Indian reservation remaining in Alaska and with its exclusion by the Congress from participation in the benefits provided by the Alaska Native Claims Settlement Act.

It is the judgment of the Metlakatla Council that services in such areas as law enforcement, forestry, and fisheries can be more efficiently provided by the Portland Office, which services many other Indian reservations, than by an Alaska office concerned primarily with the implementation of the Alaska Native Claims Settlement Act in non-reservation areas.

However, the Community recommends that some of the savings effected by the reorganization of the Bureau should be used to strengthen Bureau services at the reservation level. For example, in the area of natural resource development, the proposed BIA budget includes for the operation of the Tamgas Creek Fish Hatchery only $200,000 although the Bureau knows full well that effective hatchery operations require $300,000.

The Tamgas Creek Fish Hatchery is federally-owned and is operated by the Community under contract with the Bureau. To the extent that costs exceed the funds provided by the Bureau for the operation of this federal hatchery, the success of the hatchery program will be jeopardized. As recently concluded scientific studies have demonstrated, the hatchery operation has benefitted the non-Indian fishery in Southeast Alaska, as well as Metlakatla fishermen.

In the area of social services the Bureau has entirely eliminated the general assistance program at Metlakatla which was operated by the Community under contract pursuant to Public Law 93-638. The termination of this program on the reservation of the Metlakatla Indians simply because it is being phased out in non-reservation Alaska communities is inconsistent with Congress' exclusion of Metlakatla from the Alaska Native Claims Settlement. The Community's understanding of the federal policy of Indian self-determination as proposed by the President in 1980 was that tribal administration of Bureau programs would not lead to the elimination of federal financial support. In social services it has meant just that.

We ask that your Subcommittee require the Bureau to continue the general assistance program on the Annette Island Indian Reservation. Now that the Community's rate of unemployment has reached 58 percent due to the depression in the timber industry and the curtailment of the programs under Comprehensive Employment and Training, the need for general assistance for families with young children is even more acute than in the past. In fact, the applications for such assistance have doubled with the past year. As the Metlakatla social services director, Elinor Booth puts it: "It is impossible to counsel some one on an empty stomach; basic necessities must come first."

The Community also provides law enforcement services on the Reservation under contract with the Bureau of Indian Affairs. Its current $185,000 funding level covers only three-fourths of the cost of reservation law enforcement activities. While the Bureau has repeatedly stated that it recognizes the need for a substantial increase in funds for law and order on Indian reservations, the F.Y. 1983 request will provide only a modest five percent cost of living increase and some offset for the elimination of CETA funds. Only $40,000 nationwide is requested for "new jurisdiction or projects." We understand that the Bureau can fully justify a major increase in the level of funding due to an increase in law enforcement needs related to alcohol and drug abuse and other illegal on-reservation non-Indian activity on many reservations throughout the country. I am authorized by the Miccosukee Tribe of Indians of Florida to include its support of additional law enforcement funding for the Bureau in this statement.

We note that the Bureau proposes an increase of $1,485,000 in its forestry program. The Community has already contracted the Bureau's very small forestry activity on the Reservation. The management of the Community's timber resources is vital to the tribal economy, and the Bureau has a special responsibility in the development of trust resources. Despite the Community's continuing effort to obtain a more reasonable degree of support from the Bureau in forestry activities, the budget was cut from $31,500 in F.Y. 1981 to $29,500 in F.Y. 1982.

In addition, we understand that the Interior Department is threatening to revoke the five-year management plan under which the funds derived from the 10 percent timber administration fee are being used to supplement the forestry program on the Reservation. If this action is taken, the orderly management of the Community's timber resources which is now under way will be completely disrupted. We have requested, on behalf of the Community, that the Department consult with us prior to taking an official position on this matter, and our request has been refused. We ask that your Subcommittee review this matter with the Secretary of the Interior and urge that any proposed change in the handling of the timber fee funds should be carefully considered as to its impact on the orderly development of tribal resources and the Federal Government's trust responsibilities.

The Community strongly supports the Administration's request for an increase in the BIA scholarship program, but the increase is not nearly enough to meet the need. The existing level of scholarship funds administered by the Community under a 638 contract is not sufficient to provide adequately for Metlakatla youngsters who are, or should be, attending college. The Bureau reports a need for twice the proposed level of scholarship funds, partly to provide assistance to the 34,000 Indian students who need it and partly to offset, for those 17,000 Indian students now being assisted, the impact of inflation and the reduction in assistance from the Department of Education.

Under contract with the Indian Health Service Metlakatla also administers a community health program, including emergency medical assistance, health education and related activites. The budget reductions imposed by the Indian Health Service in F.Y. 1981 have already cut the level of funding for this program from $80,000 to $52,000. The proposed elimination of the Community Health Representative program in F.Y. 1982 will abolish IHS funding for health education activities on the Reservation.

By the way, we have requested a written explanation from the Indian Health Service relating the cuts in Metlakatla's 638 contract program this year to the Congressionally approved 1982 funding level of the Indian Health Service. See attached IHS Memorandum, dated January 21, 1982. While IHS has promised to provide such an explanation, we have not received it. Indeed, IHS has informed the Community that in F.Y. 1982 it may be necessary for Metlakatla to contribute funds from its 638 contract health program to sustain the operation of the IHS-operated Reservation clinic.

Our review of the IHS budget request for hospitals and clinics suggests that -- once adjustments are made for such earmarked funds as new facilities and equity health care -- the apparent increase in the funding level for F.Y. 1983 will translate, for on-going hospital and clinic programs into a real decrease -- just as has been the case in F.Y. 1982. For tribes which are dependent, as Metlakatla is, on CHR funds, of course, the complete elimination of this program will leave skeletal tribal health activity.

I am authorized to state that the Miccosukee Tribe of Indians of Florida, the Bristol Bay Area Health Corporation, the Norton Sound Health Corporation, and the Mississippi Band of Choctaw Indians join in the concern which I have expressed at the proposed elimination of the CHR program and, as well, at the decreased funding levels which IHS has allotted for hospitals and clinic and similar health programs in F.Y. 1982. On behalf of these tribal organizations, all of which are providing health services for their people under IHS contracts, we respectfully request that your Subcommittee determine, in consultation with IHS, why the

F.Y. 1982 budget increases approved by the Congress have translated into budget decreases and whether the proposed F.Y. 1983 budget actually provides for an increase or a decrease in such areas as hospitals and clinics, dental services, mental health, alcoholism and contract care.

When tribal organizations have elected to utilize the opportunities to administer BIA and IHS services to their members, they are guaranteed not less than the Secretarial funding level -- what the Government would have had to operate the program -- by section 106 of Public Law 93-638. That level, however, is established by the Congress. Only the Congress can determine whether tribal administration of health services will, or will not, lead to a deterioration or elimination of federal financial support for these programs. The Indian tribes and tribal organizations for which I am speaking, as well as other tribes across the United States, have relied on the representations of the President of the United States and the Congress that such support will be maintained so that Indian self-determination does not translate into the termination of federal services. I request that your Subcommittee review

(1) the elimination of general assistance at Metlakatla,

(2) the proposed elimination of the CHR program, and

(3) the general levels of funding in other BIA and IHS programs noted above in the perspective of these representations.

Thank you.

ELECTRONIC MAIL

AGENCY-DHHS/Indian Health Service

Date Prepared: 01/21/82

ACCOUNTING CLASSIFICATION 7520390

Number of Pages: 3

NAME: Jim Dunnick

Phone No.: 443-1118

TO: All Area/Program Office Directors

SUBJECT: FY 1982 Obligational Authority Thru March 31, 1982

As you are aware, you have been issued obligational authority for this year through January 31, 1982 at a level that represents a 10% reduction of your fiscal year 1981 recurring base levels. Also, for your information, the appropriation has been signed; however, the Act has not been printed and is therefore unavailable for review.

Based on previous budget information provided to you, you were informed that some program reductions would have to be made this year. In view of this, Headquarters is currently identifying some specific items that can be reduced which would result in a smaller reduction that would have to be absorbed by the Area/Program.

Since IHS has not received an approved apportionment, and based on information currently available, IHS has developed a basis for issuing obligational authority for period ending 3/31/82. Attached are percentages of reductions from the FY 1981 recurring base by sub-activity for which the obligational authority will be based on. Therefore, you should take your FY 1981 recurring base, reduce by percentage listed, and divide in half (Table attached). Obligational authority will then be issued upon receipt of this table by Headquarters, Financial Management Branch. Pay Act requirements will be absorbed within this authority.

For Urban Programs, you are to seperately request obligational authority by specific Urban project and for only the specified time period (thru 3/31/82). The amount requested must reflect a reduction of 8.3% of the FY 1981 level of funding. In addition, as a further clarification to our memorandum dated January 11, 1982 concerning the availability of funds for FY 1982, no Urban projects can be eliminated without the approval of the Office of the Director, Indian Health Service.

If you have any specific questions, contact Jim Dunnick or Howard Roach on FTS 443-1118.

/s/

Joseph N. Exendine, Dr. P.H.
Acting Director
Indian Health Service

Attachment

cc:
All Area/Program Office Financial Management Officers
All Area/Program Office Contracting Officers
Dr. Exendine
Dr. Todd
Mr. Danielson
Mr. Elrod
Dr. Swetter
Ms. Kirkland
Mr. Roach
Mr. Dunnick
Mr. Cerra
IH/FM File
document 4964B

ATTACHMENT

(Area/Program Office)

(Date)

Compution of Obligational Authority

	FY 1981 Recurring Base	Percent of Reduction	Amount of Reduction	Revised 1981 Recurring Base	Obligational Authority Requested A/
Clinical Services:					
Hospital and Clinics.........		5%			
Dental......................		4%			
Mental Health...............		4%			
Alcoholism..................		4%			
M & R.......................		4%			
Contract Care...............		4%			
Subtotal.................					
Preventive Health:					
Sanitation..................		10%			
PHN.........................		4%			
HE..........................		4%			
CHR.........................		21%			
Subtotal.................					
Program Management.............		8%			
TOTAL....................					

A/ Reflects 1/2 of Revised FY 1981 Recurring Base.

Re: Oglala Sioux Tribal Public Safety
Commission - Incarceration of Mental
Health Patients

We have been requested by our client, the Oglala Sioux Tribal Public Safety Commission, to bring to your attention an extremely serious problem on the Pine Ridge Reservation. We understand from the Bureau of Indian Affairs that similar conditions exist on many other reservations throughout the United States. The problem raises significant issues not only for the administration of law enforcement on Indian reservations but in the area of fundamental human rights as well.

Essentially, the problem is the routine incarceration of Indians with severe mental health problems in tribal jails without the provision of adequate treatment. During the month of January 1982 six such individuals were held for periods from one to 26 days (for a total of 61 days) in detention facilities on the Pine Ridge Reservation operated by our client, the Oglala Sioux Tribal Public Safety Commission, under a contract with the Bureau of Indian Affairs, pursuant to Public Law 93-638. A number of these individuals had previously been committed to mental institutions but were subsequently released and returned to the Reservation community. The individuals then engaged in behavior leading to tribal court orders which require the Public Safety Commission to hold them. A number of these cases have involved violent behavior resulting in injury to tribal officers.

Representatives of the Commission met yesterday in Washington, D.C. with representatives of the Bureau of Indian Affairs, the Federal Bureau of Prisons, the Federal Bureau of Investigation, the Criminal Division of the U.S. Department of Justice, Indian Health Service and the Office of General Counsel, Health and Human Services Administration, to explore solutions to this problem.

While all of the agencies involved expressed their concern and both the Justice Department and the Bureau of Indian Affairs confirmed that similar conditions exist on many other reservations, no solutions developed from the meeting.

Essentially, the problem appears to be that neither the Indian Health Service nor the Bureau of Indian Affairs is adequately funded to provide for the custodial care needed for some of these individuals in the reservation community, although both agencies recognize that the support of such care may fall within their respective responsibilities. Our client's contract with the Bureau of Indian Affairs does not provide financial support for the custody, care and treatment of such individuals.

We are writing to you on the instructions of our client to ask that you review this matter with the Bureau of Indian Affairs and the Indian Health Service and that you attempt to address the needs of these individuals for appropriate treatment and care in your consideration of the Administration's budget request for F.Y. 1983.

I am enclosing herewith a Needs Assessment prepared in August 1981 which provides additional background information to this problem as it relates to the Pine Ridge Reservation. I understand that the Bureau of Indian Affairs Division of Law Enforcement Services can provide you with additional information on the extent of this problem on other reservations.

I request that this letter be included in the record of the hearing on the Bureau of Indian Affairs and the Indian Health Service's F.Y. 1983 budget request held by your Subcommittee on February 24.

January 19, 1982

Eugene F. Suarez, Sr.
Chief, Division of Law
  Enforcement Services
Bureau of Indian Affairs
U.S. Department of the Interior
Washington, D.C. 20245

Dear Mr. Suarez:

This letter is in response to your inquiry of November 24, 1981 to Mr. Carlson. You seek information regarding the possibility of contracting with the Bureau of Prisons for the detention in our facilities of offenders sentenced by tribal courts to serve periods in custody in excess of 180 days. Reservation detention facilities are described as inadequate for the detention of these longer term offenders.

It is our opinion that the Bureau of Prisons does not have the necessary authority to contract with Indian tribes or the Bureau of Indian Affairs. The Bureau of Prisons' sole authority to contract for the detention of offenders is found at 18 U.S.C. §5003. The section authorizes the Bureau of Prisons to "... contract with the proper officials of a State or Territory ..." 18 U.S.C. §5003(a). Specifically, "state" is defined at §5003(d) as "... any State, Territory, or possession of the United States, and the Canal Zone." It is our understanding that Indian tribes, in their status as semi-dependent sovereign nations, do not fall into this definition of state or territory. Similarly, we have authority to take as federal prisoners only those convicted of offenses against the United States. 18 U.S.C. §4042. It is our understanding that Congress has recognized tribal jurisdiction in these cases we are talking about, and they are not prosecuted by the United States for crimes against the United States.

Therefore, it appears that an amendment to 18 U.S.C. §5003(d) would be required in order for the Bureau of Prisons to contract for the detention of offenders sentenced by tribal courts. The Bureau of Prisons would have no objection to such an amendment. The Congress is currently considering a revision of the Criminal Code, including 18 U.S.C. §5003. It might be appropriate to seek such an amendment as part of this package. You may be aware of additional options, which we would certainly be willing to consider. We would be happy to arrange a meeting to discuss this matter, as you suggest. Please contact Doris Page in my office (724-3062) should you wish additional information or a meeting.

Sincerely,

Clair A. Cripe
General Counsel

November 24 1981

Norman Carlson Director
Federal Bureau of Prisons
U S Department of Justice
10th and Constitution Avenue NW
Washington D C 20530

Dear Mr. Carlson

The Bureau of Indian Affairs operates 61 detention facilities in concert with Indian tribes on reservations where Federal/tribal jurisdiction exists. The facilities are designed to detain short term offenders and lack the resoures to detain long term offenders. In fact, the 1968 Indian Civil Rights Act, prohibits sentences of more than 180 days in custody. Reservation courts have found it necessary to detain for more than the prescribed 180 days consequently, offenders are sentenced to consecutive terms if multiple offenses occur.

We wish to explore the possibility of the Bureau of Indian Affairs, or individual Indian tribes, contracting with the Bureau of Prisons to detain individuals who are sentenced to serve long terms instead of detaining them in local facilities

If the Bureau of Prisons can contract for long term offenders sentenced by reservation courts please advise as to the procedures involved for the Bureau of Indian Affairs or the individual tribes to avail themselves of this service We understand that we would reimburse the Bureau of Prisons for costs involved. If the Bureau of Prisons is not authorized to detain Bureau or tribal prisoners, would legislation be required to permit incarceration in Bureau of Prison facilities and, would the Bureau of Prisons support this type of legislation?

Since these issues must be resolved, we would appreciate an opportunity to meet and discuss these issues with the appropriate members of your staff.

Thank you for your assistance and cooperation in this matter.

Sincerely,

Eugene F Suarez Sr
Chief Division of Law
Enforcement Services

PINE RIDGE NATIVE AMERICAN COMMUNITY SUPPORT PROGRAM NEEDS ASSESSMENT

I. Introduction

Indian Health Service staff from the Pine Ridge Mental Health/Social Services Unit identified potential Community Support Program (CSP) clients and conducted a needs assessment in preparation for CSP implementation on the reservation. The population was identified from active and inactive Mental Health/Social Services cases and from key informants. The South Dakota Definition of the Target Population was used to define the CSP target population (South Dakota CSP target population definition Attachment #1). The needs assessment was carried out during the month of August utilizing the CSP client identification instrument (Attachment #2). The major objectives of the study were to:

1) Determine the approximate size of the target population residing on the Pine Ridge Reservation and identify potential CSP clients;
2) Identify existing on-reservation service providers and target population utilization patterns; and
3) Identify gaps in existing services and major service needs within the context of the ten essential Community Support Program components.

The needs assessment study reflects a basic assumption that those clients identified through active and inactive service files and through key informants are representative of the on-reservation target population. The identified population does not represent the entire on-reservation chronically mentally ill population.

II. Data Procedure

Eight (8) workers from the Indian Health Service Mental Health Center were asked to provide a list of all those who might use services for the chronically mentally ill. The South Dakota Definition of the Target Population was used. These workers submitted lists representating all districts of the reservation and they were then reviewed for duplication. The list at this point contained 99 cases. These cases were listed on a needs assessment instrument and redistributed to the workers who were most familiar with the case. Forms were completed from personal knowledge, Mental Health case records, Public Health Service medical records and contact with district community health representatives or primary provider agencies. Nine (9) cases were eliminated. Two (2) cases were age 17 and did not meet age criteria. Information on seven (7) others was too sparse to include. The final group contained 90 cases.

III. Findings

N = 90

A. Demographic information

Age

Male	18-29	21	Female	18-29	17
	30-49	18		30-49	16
	50 and Over	9		50 and Over	9
		48			42

Marital Status

Married	12
Single	76
Unknown	2

Employed

Yes	4
No	86

Education in years

Less than 8	32
Greater than 8, Less than 10	7
10-12	39
Greater than 12	1
Unknown	11

Community of Residence

1) Procupine, Manderson, Rocky Ford, Wounded Knee, Sharps - 14
2) Kyle, Potato Creek - 20
3) Martin, Allen, Batesland - 11
4) Pine Ridge, Oglala, Slim Buttes - 38
5) Wamblee - 6
6) Other - 1

Family Size

1 (alone)	12
2	14
Over 2	62
Unknown	2

Diagnosis *

Major psyciatric illness	51
OBS	15
Physical handicapp, including seizure disorders	22
Mental retardation	10
Social isolation	10
Alcoholism	10
Other	1
None	9

Currently Receiving Medication for Mental Illness

Yes	45
No	45

* represents both primary and secondary diagnosis

B. Human Services Center Admission Information

Number of Human Services Center Admissions

0	54
1	11
2	7
3	6
4	4
5	3
6	2
10 and Over	3

Most Recent Human Services Center Admission

Less than 12 months	13
2-24 months	16
Over 24 months	6
No Human Services Center Admissions	54
Unknown	1

C. Provider Information

Primary Provider

Human Services Center **	6
Department of Social Services	1
Public Health Service Hospital	6
Public Health Nurse	1
Veterans Administration	1
Mental Health/Social Services Unit	62
Bureau of Indian Affairs	1
Community Health Representative	6
Other	3

Additional provider information will be summarized in the following section.

D. Service Utilization and Providers

The following section presents a summary of service utilization and provider information. This section is descriptive and will attempt to illustrate what services are provided to the chronically mentally ill population and what agencies are providing the service. Service utilization information was obtained in areas that relate directly the ten essential CSP components (see Definition and Guidelines for Community Support Systems - Attachment #3). The information will be presented under major service area headings.

Housing

Fifty-two (52) individuals identified live in a house or apartment provided by self, family or friend. The majority of these individuals live with family or friends. Only twelve (12) identified individuals lived alone, fourteen (14) are living in a two (2) member household, while sixty-two (62) individuals live in households with three (3) or more individuals.

Other on-reservation housing providers include Housing and Urban Development, Department of Social Services, Veterans Administration and nursing homes. These providers serve a total of eight (8) individuals.

** represents client presently in the Human Services Center expected to be discharged in the near future

The remainder of the identified population's living situation was either unknown or they are receiving off-reservation services in the Human Services Center, transitional facilities, etc.

Education and Employment Services

On-reservation service providers for basic education, vocational evaluation, vocational training, and vocational placement include the local community college, secondary schools and vocational rehabilitation. Nine individuals are receiving basic education services and twenty-three (23) individuals are receiving or have received in the recent past vocational services. Three (3) individuals are reported as having received vocational evaluations whereas the remaining twenty (20) individuals are receiving either job seeking skills training or are being subsidized in employment. Three (3) individuals have quasi-sheltered employment situations provided by employers.

Support in Basic Living Needs

A large number of the identified population is receiving support in basic living including clothing, food, and income maintenance from family and friends. Twenty-five (25) are provided clothing, twenty-two (22) receive meals and nine (9) receive income maintenance from family and friends.

Fifty (50) individuals utilize food stamps, however, it is interesting to note that fourteen (14) of these individuals are reported as receiving benefits indirectly through family or friends.

Twenty (20) individuals receive income maintenance support from major entitlement programs including the Bureau of Indian Affairs, Supplemental Security Income, and the Veterans Administration. Fifteen (15) of these twenty (20) individuals receive Supplemental Security Income.

Providers reported under the major category of Support in Basic Living in the order of numbers served include the following: 1) family and friends, 2) Department of Social Services, 3) Supplemental Security Income, 4) Veterans Administration, 5) Bureau of Indian Affairs, and 7) meals to elderly.

Recreation and Socialization Services

Recreation and Socialization Services included structured daytime, evening and weekend activities. No providers for these services exist on the reservation.

Community Living Skills Development

Community living skills development included programs and services to help clients increase basic skills in household management, personal hygiene, money management and communication skills. The primary on-reservation service provider is Mental Health/Social Services. Again, a significant number of individuals are reported as receiving assistance from family and friends.

The service providers in order of significance in the delivery of these services are as follows: family friends, Mental Health/Social Services, Public Health Nursing, Department of Social Services, community health representative and Veterans Administration.

General Medical Care

Medical care, including dental and eye care, is provided primarily by the Public Health Service Hospital in Pine Ridge. Seventy-one (71) individuals are reported as having medical services provided by Public Health Service. Other service providers include the Veterans Administration, Public Health Nursing, and community hospitals. Dental and eye care are essentially provided by the same providers reported above with the exception that one individual is reported as receiving eye care from a private physician.

Mental Helath Services

Mental Health Services utilization information was gathered on mental health evaluations, therapy, partial care, medication management, individual followup, and crisis assistance. The Mental Health/Social Services Unit at Pine Ridge is the primary service provider. The Veterans Administration provides a very minor role and of course the Human Services Center is providing mental health service to the individuals identified in the study receiving services at that facility. The following number of individuals identified by category are currently receiving mental health services.

Mental Health Evaluation	42
Therapy	39
Partial Care Services	0
Medication Management	41
Individual Followup	46
Crisis Assistance	54

Transportation

Utilization of transportation data was collected in the following categories: 1) personal car, 2) volunteer driver, 3) bus system, and 4) transportation by agency. Twenty-four (24) individuals have access to personal cars, five (5) individuals are routinely provided transportation by a volunteer driver, miscellaneous agencies provide transportation routinely to seven (7) individuals. There is no organized transportation system on the reservation.

Legal Needs

These services are provided primarily by South Dakota Legal Services. Mental Health/Social Services is reported as currently assisting two (2) individuals in appeal procedures for entitlements. Eighteen (18) individuals are being assisted in either appeal for entitlement, small claims or consumer protection procedures by Legal Services.

E. Identified Need

Expressed in terms of the number of individuals perceived as being in need, but not receiving services within each service category.

Alternative Housing

House or Apartment	11
Subsidized Rental Housing	14
Subsidized Rental Housing with Onsite Support	18
Adult Foster Home	14
Nursing Home	6
Transitional Living Facility	7

Education and Employment Services

Basic Education	30
Vocational Evaluation	40
Vocational Training	41
Job Seeking Skills Training	28
Sheltered Employment	37

Support in Basic Living Needs

Clothing	26
Food Stamps/Subsidized Meals	19
Income Maintenance Support	21

Recreation and Socialization Services

Structured Daytime Activities	73
Structured Evening Activities	69
Structured Weekend Activities	72

Community Living Skills Development Services

Basic Household Management	33
Personal Hygiene	36
Money Management	42
Communication	27

Medical Care

General Medical Care	12
Dental Care	7
Eye Care	9
Homemaker Services	10
Mental Health Evaluation	13
Therapy	15
Medication Management	8
Individual Followup	11
Crisis Assistance	9

Transportation

Volunteer Driver	6
Bus System	24
Transportation Provided by Agency	23

Legal Needs

Assistance in Appeal Procedures	24
Small Claims	1
Consumer Protection	12

III. Implications for CSP Implementation on the Pine Ridge Reservation

Identification of the Target Population

The ninety (90) individuals identified in this needs assessment represent a core group for whom services can be planned. However, the chronically mentally ill population identified in this initial study can only be considered a sample of the entire population. For the purposes of CSP implementation, mechanisms need to be developed for ongoing identification of the target populations and for ongoing tracking of the population and population needs. Finally, mechanisms for liaison services between the Human Services Center and the on-reservation service provider would need to be improved to facilitate ongoing identification of the target population.

Psychosocial Rehabilitation Services

Alternative housing is a major need reflected in the data. It would seem as if housing is on a make do basis with little or no specialized supportive living environments available. Families and friends do seem to play a major role in providing housing, however, the indication of the need for alternative housing (74% of the population is reported as needing alternative housing arrangements) would raise questions concerning the adequacy of many of the family living arrangements. Housing with support, including adult foster care situations, are most often sited as a need. Implementation efforts would need to focus on this problem, however, major obstacles are foreseen. Increased development of adult foster care providers and efforts to increase support to families would seem to be realistic goals.

Partial care services (daycare, etc.) are not available on the reservation. Structured daytime and evening recreational and socialization activities are nonexistant. Other services generally provided within the framework of partial care, i.e. community living skill development, etc. are provided by a number of service providers on an individual basis. The Mental Health/Social Services staff do provide the bulk of these services to the identified population. The development of partial care services would seem to be essential ingredients in developing CSP services on the reservation. Programming would need to be directed towards a predominantly young, single and mixed (male, female) population. The population would seem to be large enough to support such a program and from the perspective of present overall reservation services and service utilization partial care may, in fact, represent a more cost efficient service modality not to mention offering more specific and appropriate programming for the chronically mentally ill population.

Provide Twenty-four Hour Quick Response Crisis Assistance Including the Availability of a Sheltered Crisis Assistance Environment

Mental Health/Social Service staff provide crisis intervention services. Fifty-two (52) of the ninety (90) identified clients have received crisis assistance services provided by Mental Health/Social Services staff in the month preceding the needs assessment. It seems evident that a significant proportion of staff time is devoted to crisis assistance. There are no specific mechanisms worked out to provide a short-term sheltered environment, however, access to the Public Health Service Hospital and a women's "Crisis Center" is available under certain circumstances. In terms of CSP implementation, a gradual reduction in the need for crisis assistance might be expected as CMI specific services were more fully developed. However, an all out effort would need to be made to develop cooperative agreements and service arrangements to assist members of the target population to work through periodic crises within the community where possible. Ongoing psychiatric coverage and monitoring is absolutely essential along with an adequate continuum of care developed within the community as implied in the basic premise of a Community Support Program.

Support in Basic Living Needs Including Transportation and Legal Needs

The identified population is receiving a wide array of support in basic living needs. Additionally, support in obtaining these basic entitlements is in evidence. The data collected concerning support in basic living needs does nonetheless imply an underlying question. Simply, why are a number of the identified population not receiving entitlements for basic support? In terms of CSP implementation the identified target population needs to be systematically reviewed for eligibility for basic entitlements and where appropriate application for entitlements vigorously pursued and advocated. Initial CSP implementation efforts would need to focus on ensuring accessability to entitlements by all of the identified chronically mentally ill population. A major goal would be to impact the quality of life by assisting members of the population in securing assistance in basic living. This would presume an advocacy role on the part of the service provider and necessitate close links with legal service providers.

Transportation to services represents a major obstacle in the present on-reservation service delivery system. In reviewing the data concerning the geographic distribution of the identified population it is obvious that transportation problems and, as a result, service accessability will present serious obstacles to the development of community support services. In specific terms of CSP implementation, however, the problems presented by the lack of available transportation need to be studied further.

Medical and Mental Health Care

Medical and mental health care are provided by Public Health Service/ Indian Health Service either through the Public Health Service Hospital (medical care) or through the Human Services Agency (Mental Health/Social Services Unit). By in large the data would suggest that the target population does have access to both mental health and medical care. However, again one would have to specifically ask the question, why are the few individuals listed as needing either mental health or medical services not receiving the same?

Finally, continuing psychiatric coverage as instituted recently through the Pine Ridge Service Unit is an absolute necessity for developing an on-reservation Community Support Program.

V. Conclusion

Community Support Program implementation on the Pine Ridge Reservation if it is to be successful will need to encompass and involve a wide range of diverse groups including service providers, tribal government, local communities, concerned community members, and families and friends of the chronically mentally ill population. A significant number of potential CSP clients have been identified and major needs have been defined. The tasks outlined for CSP implementation (each one representing formidable problems) will need to be addressed in a cooperative and coordinated fashion. The need for community involvement and cooperative planning cannot be overstressed in future CSP implementation. The data indicates that a large number of the chronically mentally ill population currently resides with family and friends. This family support and involvement seems to be a significant factor illustrated throughout the data. The involvement of family and provisions for appropriate backup support to families of the mentally disabled cannot be overlooked.

Finally, it is evident that the Human Services Agency (Mental Health Social Services Unit) has taken the primary responsibility for the identified population. Mental Health/Social Services staff are primary providers for the majority of the chronically mentally ill population living on the reservation. With this fact in mind, initial implementation efforts need to be closely coordinated and planned with Public Health Service/Indian Health Service staff. Initial efforts would need to focus on refining the identification process, developing community support, encouraging community participation and developing needed resources.

SOUTH DAKOTA DEFINITION OF TARGET POPULATION

"The Community Support Program will focus solely on improving opportunities and services for one particular client group, severely mentally disabled adults, ages 18 and up, whose primary disability is emotional, behavioral, or psychosocial, rather than developmental (mental retardation) or organic, and for whom (long-term) 24-hour nursing care is inappropriate.

Typically, these individuals will display some of the following diagnostic symptoms: thought disorder, hallucinations, delusions, disorientation, inappropriate affect, and/or severely disturbed interpersonal relationships. More specifically, the (client) must fulfill portions of both criteria listed as follows:

(1) Severe Mental Disability

The individual's severe and persistent emotional, behavioral, or psychosocial disorder has resulted in at least one of the following:

a. one or more hospitalizations or alternative home stays in the last six months,
b. a single episode of hospitalization since 1975 of at least six months duration,
c. maintained with medication for at least one year,
d. participation in a day-care program for at least six months, and
e. frequent unscheduled crisis contacts with the center for more than two months.

(2) Impaired Role Functioning

The individual's severe and persistent emotional, behavioral, or psychosocial disorder has resulted in at least three of the following:

a. is employed with markedly limited job skills and/or a poor work history,
b. is employed in a sheltered setting,
c. is unable to perform basic household management tasks without assistance,
d. exhibits inappropriate social behavior which results in concern by the community and/or requests for intervention by mental health or judicial/legal systems,
e. is unable to procure appropriate public support services without assistance,
f. requires public financial assistance for out-of-hospital maintenance,
g. lacks social support systems in the natural environment (no close friends, lives alone, isolative),
h. is in constant or cyclical turmoil with family or social system, and
i. is a noncompliant recipient of mental health services when clear need for such is evident.

[illegible]

COMMUNITY SUPPORT PROGRAM
CLIENT IDENTIFICATION INSTRUMENT

Name ______________________ Date __________

Address ______________________________

Birthdate ____________ Age ______ Sex ________

Race ____________ Education in Years ____ Marital Status ________

Date of last H.S.C. Admission ____________ Number of Adms. ______

Medication ____ Yes ____ No Date of last M.H.C. Contact __________

County of Residence ____________ Length of Residency __________

Family Size (in client household) ______ Employed ______ Yes ______ No

Diagnosis ______________________________

Primary Service Provider ____________ Case Manager ____ Yes ____ No

Indicate by a checkmark service needs and utilization of services by clients. rovider information will be described by use of appropriate code. Please ote that the Needs and Utilizes categories should be viewed independently f each other. In all cases that Utilizes is checked, a provider code should e filled in under Providers.

	Needs	Utilizes	Providers
USING SERVICES			
use or Apartment	____	____	____
bsidized Rental Housing	____	____	____
sidized Rental Housing with Support Provided Onsite	____	____	____
ult Foster Home	____	____	____
rsing Home	____	____	____
ith Dakota Human Services Center	____	____	____
ansitional Living Facility	____	____	____
CATION AND EMPLOYMENT SERVICES			
sic Education (including GED)	____	____	____
ational Evaluation	____	____	____
ational Training	____	____	____
Seeking Skills Training	____	____	____
eltered Employment	____	____	____
the-Job Training	____	____	____

	Needs	Utiliz	
SUPPORT IN BASIC LIVING NEEDS			
Clothing	____	____	____
Food Stamps	____	____	____
Meals from Providers	____	____	____
Income Maintenance Support	____	____	____
RECREATION AND SOCIALIZATION SERVICES			
Structured Daytime Activities	____	____	____
Structured Evening Activities	____	____	____
Structured Weekend Activities	____	____	____
COMMUNITY LIVING SKILLS DEVELOPMENT			
Basic Household Management	____	____	____
Personal Hygiene	____	____	____
Money Management	____	____	____
Communication	____	____	____
PHYSICAL AND MEDICAL NEEDS			
General Medical Care (routine)	____	____	____
Dental Care (routine)	____	____	____
Eye Care (routine)	____	____	____
Homemaker Services	____	____	____
MENTAL HEALTH			
Evaluation	____	____	____
Therapy	____	____	____
Partial Care	____	____	____
Medication Management	____	____	____
Individual Followup Care	____	____	____
Crisis Assistance	____	____	____
TRANSPORTATION			
Personal Car	____	____	____
Volunteer Driver	____	____	____
Bus System	____	____	____
Transportation Provided by Agency	____	____	____
LEGAL NEEDS			
Assistance in Appeal Procedures (to obtain benefits)	____	____	____
Small Claims Court	____	____	____
Consumer Protection	____	____	____

TE: Instructions in filling this out are on the back of this page.

COMMUNITY SUPPORT PROGRAM
CLIENT IDENTIFICATION INSTRUMENT

INSTRUCTIONS

Name - Self explanatory
Date - Date instrument filled out
Birthdate - Self explanatory
Age - Age at time instrument completed
Sex - Male/female
Race - Native American, Black, Caucasion, other
Education - Total number of years completed (highschool graduate - 12, college graduate - 16, etc.
Marital Status - Married, never married, divorced, widowed, separated
Date of Last H.S.C. Admission - Self explanatory
Number of Admissions - Total number of admissions to H.S.C.
Medication - Include nonpsychiatric medications
Date of Last M.H.C. Contact - Date of last recorded contact with M.H.C. staff
County of Residence - Legal residence
Length of Residency - In years. 0 to 6 months = 0, 6 months to 1-1/2 years = 1 year, etc.
Family Size - Total number in client household, include nonrelated adults living as family
Employment - Check yes if employed competitively, half-time or more
Diagnosis - Primary diagnosis - DSM III
Primary Service Provider - That provider which has the most contact with client in hours of direct service
Case Manager - Self explanatory

Needs - Does the client have an immediate need for the specifc service? Immediate need is defined as a need at the time the needs assessment is completed or an immediately forseeable need (one month from date of completion) based on the case manager's or primary therapist's judgment.

Utilizes - Does the client presently utilize the specific service or fit the specific category at the time the assessment is completed? Unless otherwise specified, present utilization will be defined as utilization occurring within a timeframe of one month prior to the date of completion of the needs assessment to the date of completion.

Providers - Provider codes should be filled in concerning each specific service. Provider codes are as follows:

1 - Self, family, friends
2 - Private MD
3 - Human Services Center
4 - Department of Social Services
5 - Secondary schools
6 - Colleges/universities
7 - Private mental health professional
8 - Public health Services
9 - Public Health Nurses
10 - Vocational Rehabilitation

11 - Clergy
12 - Nursing homes
13 - Community hospital
14 - Veterans Administration
15 - Supplemental Security Income
16 - Social Security Disability
17 - Adjustment Training Center
18 - Mental Health Center
19 - Housing and Urban Development

21 BIA
22 CHR
23 Crisis Center
24 Project Recovery
25 Meals for elderly

d. Housing - Ascertains present living arrangement, immediate housing nee
and indicates current provider of those services utilized.

e. Education and Employment Services - Ascertains present educational or employment services utilized, immediate educational or vocational trai
ing needs, and indicates service provider for those services utilized.

f. Support In Basic Living - Ascertains the immediate basic needs in livi
the present utilization of such services, and identifies service provi
for those services utilized.

g. Recreation and Socialization - In each area identifies present utiliz
immediate needs, and providers for those services utilized.

h. Community Living Skills Development - Identifies immediate skill develo
ment needs, present utilization, and service providers for those servic
utilized.

i. Physical and Medical Needs - Identifies immediate needs, indicates util
zation in past 6 months, and identfies service providers for those serv
utilized.

j. Mental Health - Identifies immediate mental health needs, present util
tion, and service providers for those services utilized.

k. Transportation - Identifies immediate transportation needs, present uti
tion, and providers for those services utilized.

l. Legal Service - Identifies immediate need for legal services, indicates utilization in past 6 months, and providers for those services utilized.

STATEMENT OF THE GANADO PUBLIC SCHOOL DISTRICT

The Ganado Public School District and the Arizona Indian Education Project appreciate this opportunity to present, testimony to the Subcommittee regarding a Federal program that is of vital concern to the educational future of approximately 171,264 Indian children, who attend the nation's public schools located on Indian lands.[1] This 31 year old Federal program is the school construction assistance program authorized pursuant to P.L. 81-815, which provided construction reimbursement to school districts for federal land that generate no local property taxes. The State Legislatures of Arizona and Nebraska (Exhibit A) join us in urging this Subcommittee to provide supplemental appropriations for school construction. The Navajo Tribal Council joins us in this request for supplemental appropriations in the amount of $50,000,000 for Fiscal Year 1983 and 40,000,000 in Fiscal Year 1984 as provided by statutory provisions under section 204, Title II of P.L. 93-638 (Exhibit B). We further recommend that the Subcommittee prohibit Senior administrative staff from further administrative actions disallowing expenditures that are appropriated by the Congress of the United States.

We would like to bring to the attention of the Subcommittee that impact aid is totally a Federal issue. Because Indian land-based public school districts encompass Federal reservation lands, the tax base is inadequate for the financial, and therefore educational, needs of the children. These public school districts, including Ganado Public School, cannot rely on the traditional method of property taxation to raise sufficient revenue to provide a quality education for their children. A direct consequence for Ganado and other Indian school districts is the pressing need for school facilities.

The national backlog for Section 14(a) and 14(b) has reached $223,339,282 (Exhibit C). Of this total, the Navajo Reservation backlog is $100,915,859. In contrast, the 1982 Third Continuing Resolution targets only $9.6 million and The 1983 President Request is $3 million for all sections P.L. 81-815 including Section 14. These amounts would not be sufficient even to complete projects already in progress.

This presents the problem of less money without declaration by the administration that the need for the P.L. 81-815 program has diminished in proportion to the cuts. On the contrary numerous studies, including the administration's own study by the Division of Planning and Budgeting (prepared by Frances Michalkewicz) have documented countless times the unconscionable facility needs under section 14.[2]

In 1980, The Secretary of Education labeled Indian public schools as a "national disgrace" because of their unsafe, unsanitary, and substandard facilities. The Department of Education's Michalkewicz study noted that:[3]

- "50.8% to 100% of the projects awaiting funding under section 14 have fire hazardous conditions;
- 50.8% to 100% of the projects awaiting a section 14 grant have conditions hazardous to the safety or health of the children; and
- 68.3% to 100% of the projects on the section 14 priority list have substandard educational housing conditions."

Another study reports that Indian public school districts "have had to make extensive use of temporary school facilities," Exhibit D. These temporary facilities are widely scattered, too small, lack equipment, improperly located, substandard, cause increased utility costs, and have heating and cooling problems causing cancellation of classes. Doubling the use of the few permanent classrooms cause greater wear and tear even with regular maintenance programs. Teacher housing units are also temporary trailer and portable units. Since teachers cannot purchase homes and land on Indian reservations, they are forced into living in these substandard homes. As a result of these conditions teachers do not stay as long.[5]

Little or no modifications improving access for handicapped students exist. Where they do exist, "modifications were generally of a makeshift nature."[6]

North Central Accreditation facility reports of 19 States note that in Indian school districts many[7] facilities are missing altogether and therefore no educational opportunities.

We totally understand that this is an era of limits, however, a historical review of Federal funds reserved for section 14 of P.L. 81-815 and section 204, Title II of P.L. 93-638, clearly points out that Indian public schools have been doing with less for over 31 years. Only since 1968, according to the Acting Construction Chief, has section 14 been "affiliated with Indian public school districts."[5] Exhibit 'E', "Funds Reserved by P.L. 81-815", shows that section 14 had only $87,179,059 funds reserved between 1954-1975; whereas, the other sections received over $800,000,000 for the same period. To our knowledge, section 204, Title II of P.L. 93-638 had reserve funds just once for a school in Montana. It cannot be overstated that the FY83 recommended level of $3 million for the P.L. 81-815 program and $-0- for section 204, would only continue to hamper the ability of Indian school districts, including Ganado Public Schools, to accomplish local educational objectives.

This construction program for Indian students cannot be excluded nor should the Federal responsibility to Indian students at the national level be excluded in the midst of governmental redefinition. Treaty responsibilities to Indian tribes, where they exist, if abandonded now will only come back later unless tended to now. Section 14 of the School Construction Program, P.L. 81-815, must be safeguarded so that Indian students can become "independent and develop a sense of community."

We would appreciate any assistance that your Subcommittee can provide us and would be glad to submit any additional information concerning these construction needs. We believe our commitment to provide minimal school facilities and a quality education for our children can pass the test of budget austerity.

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[1] 1979 BIA Statistics

[1,2,3,6] Michalkewicz, Frances, etal. Condition, Safety, and Adequacy of Schools Spring Children who reside on Indian Lands, A Survey of LEA's Applying for School Construction Assistances Under sections 14 of P.L. 81-815, Division of Planning and Budgeting Office of Education, September 1979.

[4] A Study of Selected Public Schools On and Off Indian Reservations in Arizona, Arizona Department of Education, Phoenix, AZ, January 1976.

[5] Resta, Paul E. (Dr.) and Dr. Donald E. Kelly, Navajo Educational Facilities Planning Study, University of New Mexico, Albuquerque, NM, April 1980.

[7] North Central Accreditation Reports (19 States), Dr. Howard W. Leigh, State Director (AZ) and Dr. George Stoumbis, State Director (NM), February 1982.

[8] Teleconference, February 8, 1982 with University of New Mexico, Ganado Public Schools, and Laurel Cornish.

STATEMENT OF JAKE WHITECROW, EXECUTIVE DIRECTOR, NATIONAL INDIAN BOARD ON ALCOHOLISM AND DRUG ABUSE

Summary of Recommended Appropriation: Programmatic Budget $23,668,400; Office of Alcoholism and Drug Programs $400,000; National Indian Advisory Council on Alcohol and Drug Problems $150,000; American Indian/Alaskan Native Programmatic Study $150,000; Training $350,000; Certification $300,000; Total $25,018,400.

The NIBADA's Board of Directors membership is composed of individuals elected two (2) each from the twelve (12) Indian Health Service areas and the composition provides a responsible and responsive group to advocate for the problem of alcoholism and other drug abuse.

Honorable Mr. Yates, over the years you have received testimony about the terrible impact these very complex problems have on the American Indian/ Alaskan and perhaps we do not need to reinforce this past testimony. Now, we base this assumption on past testimony, I refer specifically to an interchang between this committee and Dr. Emory Johnson, in 1978,"---Mr. Yates. Is it hit or miss or by guess or by gosh? Dr. Johnson: Yes, we need several thing For one thing, Mr. Chairman, there has been very, very little research done o Indian Alcoholism. Mr. Yates: Oh, my heavens, as long as I have been on thi committee and even before, alcoholism has been the biggest problem that the Indian people have had." If your committee needs more information concerning this problem, we would certainly provide it. We are very grateful to the Congress and especially to your committee for the fact that the disease of alcoholism is now encompassed within the Health Care system but we are very concerned about the procedures and we would wish to present to your committee the following recommendations.

PROGRAMMATIC BUDGET - $23,668,400 - An agreement between the National Institute on Alcohol Abuse and Alcoholism and the Indian Health Service was initiated in 1977, in that agreement, it was determined that after six years of supervision under the National Institute on Alcohol Abuse and Alcoholism the Indian programs would be transferred to the Indian Health Service. As indicated in the 1983 Indian Health Budget there are now 152 programs under the supervision of the Indian Health Service with a projected 1983 budget of $20,207,000. We recommend an increase of 18% ($3,461,400). These programs during their six years under the supervision of the Nationa Institute on Alcohol Abuse and Alcoholism and their subsequent supervision under the India Heath Service have never been allowed a sound fiscal policy that would reflec a continuing basis for the delivery of services. We would strongly urge to this committee that the appropriation language reflect that the monies appropriated be used for direct services and administered through the office of Alcoholism Programs, having recommendation from the proposed National Indian Alcohol and Drug problem advisory council. The former Director of Indian Health Service, Dr. Emory Johnson, has repeatedly assured the National Indian Board on Alcoholism and Drug Abuse that the monies approved by the Congress would be utilized, in their totality, for direct services but we have been faced with some situations inwhich these monies are diverted, following is an example: The Cheyenne/Arapaho Alcohol Rehabilitation Center, a private non-profit Corporation was granted $66,700 for the operation of an Alcoholism Rehabilitation program. This grant was made by the National Institute on Alcohol Abuse and Alcoholism and after the transfer of the program to the Indian Health Service a contract was negotiated with the Cheyenne and Arapaho Tribes (Tribal Government) in the amount of $66,700 and the Tribal Government was allowed 26.5% of this amount for "Indirect Costs," consequently leaving only $49,025 for direct services.

OFFICE OF ALCOHOLISM AND DRUG PROGRAMS - $400,000 - Because of the enormity c alcohol and drug problems, this office should be established to be a strong advocate for policy determination at the national level. This separate ident fiable administrative responsibility must involve with needs assessment, program implementation and evaluation and fiscal policies. Although we recog nize that the alcohol and drug problems are now within the Health Care System it should also be recognized that the treatment and rehabilitation of the alcohol and drug problem is an entirely new discipline and is ready to get ou of the mainstream of medicine. Tribal sovereignty, we believe, totally in this concept but in the foreseeable future, no one tribe will have the resources available to offer its clients the continum of care necessary, neither in quality of facilities nor in quality of manpower, so policy decisions must be from a central point and transcend tribal boundaries to effectively address this problem.

THE NATIONAL INDIAN ADVISORY COUNCIL ON ALCOHOL AND DRUG PROBLEM $150,000 - We consider ourselves pragmatic and not theoretical and, we have not had the opportunity of making valuable contributions to the processes within the establishment, especially in research. We strongly recommend the establishment of a National Indian Council on Alcohol and Drug problems.

AMERICAN INDIAN/ALASKAN NATIVE PROGRAMMATIC STUDY $150,000 - The treatment of alcoholism is an evolving and relatively new health care specialty. Indian Health Service's major responsibility is seeing American Indian/Alaskan Nativ have access to high quality services. The Indian Health Service, however, ha lacked a universally accepted model of the ideal service system; accordingly, it has followed an eclectic approach by supporting many kinds of programs and treatment approaches. This has not produced uniformity in services, nor has it eliminated such problems as poorly funded programs under served groups, gaps in referral procedures and shortages of well-trained counselors.

OBJECTIVES - a. To develop a universally accepted model of the ideal service system. b. To develop impact data for Indian Health budget process. c. Examine cost effectiveness between alcohol programs; Traditional Health Care i.e. Hospitals, clinics, etc. Criminal Justice system. d. Examine non-Indian functional alcohol programs. e. Primary emphasis at Present Time is on: 1. Data Reporting Systems. 2. Cost effectiveness. 3. Achievement of: a. Social Goals. b. Funding objectives. Should be - Developing measures of program effectiveness - Focusing on individual recipient of services. Confusion over: 1. Programs. 2. Therapeutic Modalities. 3. Developmental Processes. f. The need to increase capability of research and evaluation of manpower to: assess developmental characteristics of individual clients; then develop instruments and procedures for monitoring and evaluations of growth and development in these areas; also need to increase skill base in implicit goals analysis of: 1. Programs. 2. Practitioners (counselors). 3. Client performance.

TRAINING $350,000 - The National Indian Board on Alcoholism and Drug Abuse recommends an appropriation of $350,000 in FY 1983, for IHS supported training in the alcoholism field. There are still too many medical and profession al schools with little or no curricula in the area of alcoholism. As a resul all too many times a primary diagnosis of alcoholism is overlooked. It is nc just physicians who lack alcoholism identification and treatment training, but other professionals and paraprofessionals, including clinicians, psychologists, social workers, nurses, and others who are important contributors to our health system. A new profession which has come to the forefront in alcoholism treatment is the professional alcoholism counselor. The National Indian Board on Alcoholism and Drug Abuse supports expanded development of these dedicated professionals as effective and efficient providers of care and guidance. Our recommendation would permit the training of 1,500 individuals representing the entire spectrum of disciplines. The field of alcoholism is a health manpower "shortage area". Adequate appropriations could begin to change that.

ALCOHOLISM COUNSELOR CERTIFICATION $300,000 - The National Indian Board on Alcoholism recommends an appropriation of $300,000 in FY 1983, for Indian Health Service-supported certification of counselors in the field of alcoholism. The National Indian Board on Alcoholism and Drug Abuse has developed a credentialing mechanism through which to bestow a standard of certification for these counselors. The desired results of this certification process is to assure that persons who perform certain functions possess the necessary qualifications and skills to meet their responsibilities. It also insures that the public interest is served by adequately trained and experienced personnel. We wish to see these counselors brought in from the periphery of the health care system in order to reduce a treatment approach dominated by more expensive and frequently less effective purely medical methods.

One of the primary conclusions we are attempting to arrive at in this presentation is the blending of two codes of conduct: Aristotle's ethics of prudence and Confucius's ethics of interdependence. Aristotle assumed that leader's only choice is whether to lead others to right or wrong action. Everyone knows the difference, he said, and a leader must face up to his own deeds as well as those he inspires. Confucius divided behavior into five types of interaction: Master/servant; father/child; husband/wife; oldest brother/sibling; friend/friend. In each relationship "right behavior" consists of mutually beneficial actions.

Aristotelian ethics acknowledges that highly visible executives in today's society of organization" can "set the tone" for subordinates, and, Confucian ethic's emphasis on mutual benefits should appeal to manager, consumer and employee alike.

In essence that is our recommendation for the Office of Alcohol and Drug Problems and the National Indian Council on Alcohol and Drug Problems. The National Indian Board on Alcoholism and Drug Abuse suggests that the Department of Health and Human Services initiate policies and procedures to alleviate the enormous impact on the American Indian/Native Alaskan of Alcohol and Drug-related problems; including the alarming incidence of alcoholism among Indian Health Service personnel and Tribal Governments and t call upon the Indian Health Service to use its authority to do the same. We urge you to undertake the following primary actions to fulfill the responsibilities of the Department of Health and Human Services in attacking this great enigma:

1. That the Secretary personally issue a policy statement recognizing the gravity of the problem and committing the Department to progressive action.

2. That the Secretary call a national conference to consider the aspects of the problem and to call citizen attention to its gravity and ramifications.

3. That the Bureau of Indian Affairs be mandated through executive order to commit additional resources to deal with alcohol and drug-related problems as they relate to the social and economic conditions education, police, courts and corrections.

STATEMENT OF THE CHEYENNE-ARAPAHO TRIBES OF OKLAHOMA

In 1871, Brinton Darlington - the agent to the Cheyenne-Arapaho Tribes - established a day school at Darlington, Oklahoma with the expressed purpose of aiding and educating the Cheyenne and Arapaho children. Because the two tribes advocated separate schools, a Cheyenne boarding school was established in 1880. The school was built near Caddo Springs - approximately one half mile northwest of the present day Concho school building.

In 1908, the Bureau of Indian Affairs consolidated the Cheyenne and Arapaho students into the school near Caddo Springs. The school became known as 'The Cheyenne and Arapaho School at Concho'.

During the 1950-1951 school year and without consultation with the Cheyenne and Arapaho Tribes, the Bureau of Indian Affairs relocated Navajo students to a special project at the school. This project continued until 1959.

Until 1952, the school had not only accomodated grades one through twelve, but also featured a vocational agriculture program. In 1952, secondary education and the vocational agriculture program were discontinued.

Throughout the late 1950's and early 1960's, the boarding schools in the other areas of the state closed their elementary programs. In 1960, and again without consultation with the Cheyenne and Arapaho Tribes, the Bureau of Indian Affairs opened the Cheyenne and Arapaho Boarding School to all eligible elementary students of the Anadarko Area Office area as well as other Area Offices throughout the United States.

The present facilities at Concho School were completed in 1968. These facilities include a classroom and administration building, a kitchen and dining room, and two dormitories. Several housing units were also built for the use of the school staff. The buildings and residential units are well-maintained. These buildings are all one-story with adequate, well-marked exits. Each building is equipped with heat-risers connected to the automatic fire alarm system. Meticulous and carefully tended grounds add to the attractiveness of the school. Concho School is presently classified as an off-reservation boarding school.

In the Senate Select Committee's report dated June 1981, there were fifty (50) off-reservation boarding schools identified. In that same report, the House Committee on Education and Labor report dated May 1978 was excerpted in its reference to BIA boarding schools as follows: "In almost every state the Committee visited, facilities were found that pose an extreme danger to the health and safety of the children attending."

We have learned that members of that House Committee did visit Concho School before the compilation of a May 1978 report. Unfortunately, the Committee's report and specific comments concerning their findings at Concho School were not available to the Tribes. The Bureau of Indian Affairs, however, neglects to refer to this report.

According to date compiled in a 1978 January study[1] and verified and up-dated in an October study of 1981[2], the average Concho Boarding School student:

*is likely to be a 6th, 7th or 8th grade student
*has a home in Oklahoma
*has divorced parents or does not know their marital status
*has a family income at or below the poverty level
*has 3.8 (average for 1978-1981) siblings
*has 1.75 (average for 1980-1981) of his/her siblings also in attendance at the Concho Boarding School
*stays at the Concho Boarding School on weekends
*does not know or did not report the occupations of his/her parents (not included in the January 1978 study)
*is affiliated with one of these western Oklahoma Tribes: Kiowa, Commanche, Cheyenne, Arapaho, Apache (average of approximately 53% of the total student population for 1978-1981) although there has been an average of 28 tribes represented per year for the past three years.

Of the total student population for the past three years, approximately 54% are enrolled with the Cheyenne-Arapaho & Kiowa Tribes of Oklahoma. While the majority of students are from western Oklahoma, a substantial increase has been noted in the student population from Wisconsin (1978-0;1981-19) - most likely from the Red Lake Band (1978-1; 1981-20).

There was also another survey in 1978 on Concho School. This study was performed by Thomas R. Hopkins, a research scholar in Education associated with the University of New Mexico. This is what Mr. Hopkins wrote about Concho facilities:

> "It has been mentioned earlier that new facilities were completed and occupied in 1968. Since that time the facilities have been well-maintained and there was little damage in evidence. From all appearances, when there is a need for repairs, it is taken care of before further deterioration occurs. . . ." In summary, the total school facility is excellent and well used."

Why did Mr. Hopkins perform the study?

> "The basic purpose of this study relates to Indian Self-determination.........the Anadarko Area Office thought that such a study would be helpful to the educational planning process."

To our knowledge this was the last formal objective study done on Concho School.

Recently, (within the last ten days), the Tribes received a copy of the Budget Justifications for F.Y. 1983 for the Department of the Interior.

> "Concho and Wahpeton have been proposed for closure. Since both schools have elementary-level students, this is especially desirable and in keeping with the BIA policy of educating elementary age children as close to home as possible."

As the studies revealed, the characteristic Concho Boarding School student is affiliated with one or more of the western Oklahoma Tribes.

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[1] Thomas R. Hopkins, Visiting Research Scholar in Education, "Concho School: A Program Description Of A Elementary Boarding School For Indian Children," (Albuquerque, New Mexico: University of New Mexico College of Education, January, 1978) (Mimeographed.)

[2] U.S.Department of Interior, Bureau of Indian Affairs, 'The Educational, Social, Economic Needs of Indian Children Attending Concho Boarding School," (Anadarko, Oklahoma: Bureau of Indian Affairs Anadarko Area Office, October 16, 1981) (Mimeographed.)

The Bureau has committed themselves to giving Concho students 1st priority in transferring to other Bureau-operated schools. This would place them much further from home.

> "In addition, Concho and Wahpeton are ranked lowest on the Bureau's ranking for the condition of Off-Reservation Boarding Schools' facilities."

Against what criteria were the schools' facilities evaluated? How were the conditions documented? Of the fifty off-reservation boarding schools that posed an extreme danger to the health and safety of students attending, we can find no evidence to support Concho's ranking of 49 or 50 on the Bureau's list. The only possible way would be if the Bureau built forty or forty-five new off-reservation schools since Concho was built or since the studies were performed in 1978.

According to the Bureau they will be saving $4,744,000 by closing Concho and Wahpeton and thirty-seven (37) day schools in Alaska. This figure appears under the Indian School Equilization Formula. The 1983 budget item for ISEF calls for $1,151,000 increase over 1982. Is this a savings?

In treaties made with the Cheyenne-Arapaho, Kiowa, Commanche and Apache, the decisions on the length of treaty terms was at the governments discretion. These treaties can then be viewed as moral obligations. The trust responsibilities of the Bureau of Indian Affairs reflect these moral obligations. One of the Bureau's purposes is to fulfill and execute the Federal Government's trust obligations to American Indian Tribes and Alaska Native groups.

The Federal Government has a historical and special legal relationship with American Indian Tribes. Through this relationship certain responsibilities are acquired.

Thus far, in the matter of Concho School, both treaty and trust obligations have been ignored. No specific reasons for targeting Concho School for closure were ever set forth. No consultation was held with the Indian Tribes affected. No plan for administrative remedies has ever been discussed.

An arbitrary decision was made by someone, somewhere, and the Indian Tribes affected received off-hand 'notification' through a speech delivered by a Bureau official at a National Conference in October 1981.

To this date no government official has come to the Tribes to explain why our school is being closed. No one has offered any data to back up the decision on why a modern, 3.5 million facility is being shut down. No one has offered any tribal alternatives and most importantly, no one has offered any feasible alternatives for the students who now attend Concho School.

The Cheyenne-Arapaho Tribes implore the members of this Committee to examine the tactics and strategy of this decision to close Concho School. This method of apparent arbitrary decision-making is frightening to Indian Tribes because it is so misaligned with Federal Policy.

We close our testimony with this request that if the school must be closed the procedure must include prior consultation with the Tribes affected, that administrative remedies be explored, and tribal alternatives be granted timely consideration. In making this request we are aware that these conditions preclude closing the school in FY'83. We are appealing to your sense of fairness and responsibility.

STATEMENT OF WALTER MOFFETT, MEMBER, NEZ PERCE TRIBAL EXECUTIVE COMMITTEE

Mr. Chairman, I am Walter Moffet and I am a member of the Nez Perce Tribal Executive Committee. I am submitting these remarks on Indian education in accordance with testimony which I presented to your Subcommittee last month. I wish to bring to the attention of the Subcommittee in this statement the extent to which the quality of Indian education on our reservation will suffer as a result of budget cuts proposed for F.Y. 1983 by this Administration.

Mr. Chairman, the efforts of the public school system to adequately educate our Indian children have failed tragically to date. For example we estimate that approximately 50 percent of our tribal students in the public school system "drop out" prior to reaching the level of 12th grade in high school. The Nez Perce Tribal School was established in order to remedy this situation and to create an environment in which our tribal students could receive an education from the standpoint of their own cultural perspective and tradition. Our tribal school, which remains in an embryonic stage of growth, is having a very positive impact with respect to the education of our tribal children.

We feel that the Bureau of Indian Affairs F.Y. 1983 proposed budget for Indian education significantly undermines the progress our tribal school has made by recommending funding decreases or eliminations in critical program areas. For example, we object to the proposal of the Bureau of Indian Affairs to fund the Johnson O'Malley program at the existing F.Y. 1982 level of $25,954,000. The Bureau has justified not increasing the funding of this program in view of the fact that tribal contract schools such as ours will no longer be receiving Johnson O'Malley funding thus decreasing the number of students served. We would like to stress to this Subcommittee the fact that our tribal school has been using funds derived from the Johnson O'Malley program to provide cultural programs in Nez Perce language, history and culture to our children.

These courses of instruction, which are a source of cultural enrichment and pride to our children, will be sorely missed in F.Y. 1983 if the Bureau is permitted to withhold Johnson O'Malley funding from our tribal contract school in accordance with its budget submission. We also object to the proposal by the Bureau in F.Y. 1983 to cut the School Board training fund by $400,000 from a F.Y. 1982 level of funding of $960,000. We do not feel that our tribal school board should have to forego essential training in connection with the operation of the tribal school simply because the Bureau's Central Office requires budgetary cutbacks at the tribal level so that Bureau of Indian Affairs administrative positions will be secure.

We would also like to express our concern to the Subcommittee with respect to the proposed transfer of the Title IV Indian Education Act program from the Department of Education to the Bureau of Indian Affairs in F.Y. 1983 upon the termination of the Department of Education. We fear that the Bureau, whose education philosophy and programs are modeled on a "public School" concept may not be able to adequately manage the culturally innovative programs which the Department of Education has administered for the benefit of Indian children. On behalf of the Nez Perce Tribal Executive Committee, I would like to thank this Subcommittee for considering our comments and recommendations.

DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1983

TUESDAY, MARCH 2, 1982

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, D.C.

The subcommittee met at 9:05 a.m., in room 1224, Everett McKinley Dirksen Senate Office Building, Hon. James A. McClure (chairman) presiding.

Present: Senators McClure, Andrews, Huddleston, Leahy, DeConcini, and Burdick.

DEPARTMENT OF ENERGY

STATEMENT OF JAMES B. EDWARDS, SECRETARY

ACCOMPANIED BY ELIZABETH SMEDLEY, ACTING BUDGET OFFICER

BUDGET REQUEST

Senator McCLURE. Good morning, this is the time scheduled to hear testimony of the Secretary of Energy and the Secretary of the Interior and to review the fiscal year 1983 budget requests of the Department of the Interior's Office of the Secretary and Office of the Solicitor.

We will begin with the Secretary of Energy.

The Department of Energy's fiscal year 1983 request under the jurisdiction of the Interior and Related Agencies Subcommittee is some $685,176,000, a decrease of $382,005,000 in new budget authority from the fiscal year 1982 level of $1,067,181,000. When the off-budget strategic petroleum reserve acquisition and transportation account, which is reduced from $3,684,000,000 in fiscal year 1982 to $2.074 billion in fiscal year 1983, and the 1981 deferrals and transfers applied to fiscal year 1982 are taken into consideration, there is a reduction in the actual program level of some $2,409,515,000 between fiscal years 1982 and 1983.

Secretary Edwards, I want to welcome you before this committee once again and invite you to introduce those who have joined you to testify this morning. You may then proceed to highlight your statement as you see fit. It will, of course, appear in full in the record.

Secretary EDWARDS. Thank you, Mr. Chairman, I'd like to introduce Mrs. Betty Smedley, who is on my right, who is my acting Budget Officer.

91-869 0 - 83 - 33

Mr. Chairman, we have a prepared statement I'd like to submit for the record. We do have some talking points. They are rather extensive, Mr. Chairman, so if you'd like me to go through those.

Senator McClure. Summarize in whatever manner you wish, Mr. Secretary.

Secretary Edwards. All right. Mr. Chairman, this budget is structured to carry out this administration's policies to rely on the free market for solutions to energy problems. The free market has served us well in the past and will work well in the future, if we just allow it the freedom to work.

In fiscal year 1983, our budget request follows the pattern established in last year's requests to redirect Federal support away from demonstration and commercialization activities, and toward a more appropriate Federal role of funding long-term, high-risk technology research and potentially high payoff.

There are over 200 Federal regulations that are a key to our policy of placing reliance on the private sector and the market. This policy is working well. Since the decontrol of oil last year, drilling and seismic work has reached an all-time peak and oil imports are the lowest since 1975.

The fiscal year 1983 budget request supports the five basic responsibilities in energy which are unique to the Federal Government:

One, establishing policies which give individuals and businesses incentive to produce new energy efficiently and allow the integrated energy market to function;

Two, protecting against energy disruptions, primarily through the maintenance of the strategic petroleum reserve;

Three, providing support for long-term high-risk potentially high payoff research;

Four, supporting national defense needs through civilian control of research, development, production and testing of nuclear weapons; and

Five, performing other tasks such as the operation of the Navy petroleum and oil shale reserve, the Federal power marketing administrations and utility regulations that are required by law.

As stated in the national energy policy plan, energy is viewed not as an isolated entity, but as an integral part of the overall economy. Consequently, the central purpose of the Energy Department is no longer necessary. Our basic energy responsibilities can be carried out more efficiently and effectively in other departments with related responsibilities. In the proposed reorganization, these responsibilities will be divided principally between the Department of the Interior and the Department of Commerce. The Departments of Justice and Agriculture will also assume some functions, and the Federal Energy Regulatory Commission will become a separate independent regulatory agency. A new agency, the Energy Research and Technology Administration will be established within the Department of Commerce to manage energy research and development, general science and defense activities.

Other energy functions, such as energy information and energy emergency preparedness, international energy activities, conservation grants, and national energy policy will also be assigned to Commerce, but they will not be a part of ERTA.

The Department of the Interior will manage the Navy petroleum and oil shale reserves and the five Federal power marketing adminstrations.

BUDGET SUMMARY

The fiscal year 1983 budget request for Federal energy programs is $11.8 billion in budget authority, including $2.1 billion in off-budget oil acquisition funds for the strategic petroleum reserve. Requested funding is reduced in energy research and development, the strategic petroleum reserve and program administration. Other major activities have increased funding requirements, including atomic energy defense activities, general science, and the Power Marketing Administration.

R. & D. activities represent 27 percent of the 1983 budget and show a 14-percent decline from fiscal year 1982, due primarily to continued redirection of fossil, conservation, solar, and renewable resource programs.

Our efforts in fusion energy is a good example of a long-term research effort with potentially high payoff. The fiscal year 1983 request for $444 million will provide for continuation of our scientific-oriented fusion program with a limited engineering effort.

The nuclear fission program provides a research base for the continued development of nuclear power as an economic and environmentally acceptable source of electric power. The fiscal year 1983 budget request is $1,016,000,000. Of this amount the breeder reactor systems program is $577 million. In fiscal year 1982, in support of the President's economic recovery program, we will begin to streamline certain aspects of the liquid metal fast breeder reactor program. This is necessary so that the resources and facilities and the technical expertise can be used in their most effective manner. The breeder base program will continue to support technology development on fuels, materials, and structures.

The principal plant project included in the liquid metal fast breeder reactor program is the Clinch River breeder reactor. In fiscal year 1983, it is anticipated that site preparation activity will move forward as well as the required licensing support, design work and equipment procurement, and fabrication activities.

Emphasis is also placed on closing the nuclear fuel cycle, principally by continuing research on commercial reprocessing of spent fuel, and on nuclear waste disposal. The administration is committed to the development of commercial, high-level waste repositories. To finance repository activities, we propose that a nuclear waste disposal fund be created into which fees will be paid by utilities which use nuclear power. Borrowing authority of $185 million is requested to provide program continuity early in the year, until fees are collected from utilities. This borrowing authority approval is of vital importance for a smooth transition to a utility financing of geological repository programs without compromising the critical early milestones of the development and operation of the repository. Enabling legislation for collecting fees from utilities is also vitally needed.

I urge you, Mr. Chairman, to take expeditious action in this area.

Mr. Chairman, I'm very much aware that one of these bills is yours that we certainly hope will get passed.

The purpose of the basic energy sciences program is to provide knowledge that is relevant to energy production, conversion, exploration and use.

In fiscal year 1983 the budget request of $283 million will enable the program to maintain most of the ongoing core research program and will permit some growth in biological energy research, advanced energy projects, engineering, mathematics, and geosciences.

In fossil fuel, the fiscal year 1983 fossil energy budget request of $107 million will be applied to generic research efforts and technology base development related to production and use of our abundant energy resources of coal, oil shale, natural gas, and petroleum.

The fiscal year 1983 request of $17.5 million for conservation programs will support research and development of multisector energy conversion utilization technology programs.

State and local assistance programs, including grants for weatherization in schools and hospitals, are proposed to be terminated, together with support for appropriate technology and energy-related activities. Funds for weatherization will still be available through the Departments of Health and Human Services and Housing and Urban Development.

The fiscal year 1983 funding request of $83 million for solar and other renewable energy programs continues the redirection begun last year, to place greater emphasis on the private sector in the development and commercialization of solar technology.

No new budget authority is requested for active heating and cooling, passive heating and cooling, ocean thermal energy systems, hydropower and solar information programs.

Basic research and technology base development will continue on photovoltaic, solar thermal, biomass and wind energy, and geothermal programs, and we will complete our commitment to Saudi Arabia for joint funding of solar energy research and development.

GENERAL SCIENCE

The programs included under general science support basic research to expand our knowledge of the fundamental structure and behavior of matter. The budget request for fiscal year 1983 is $601 million, up from $543 million in fiscal year 1982.

DEFENSE ACTIVITIES

We support the national security mission of the Department of Defense through the development, testing, and production of nuclear weapons and materials. The increase in funding from $4.7 billion in 1982 to $5.5 billion in 1983 is principally related to increased production requirements of weapons systems as outlined in the President's nuclear weapons stockpile memorandum.

The defense waste management program also shows a substantial increase of $365 million in 1982 to $518 million in 1983, with the largest increase in terminal storage to improve our current and future storage capacity.

STRATEGIC PETROLEUM RESERVE

The total funding request for fiscal year 1983 is $2,326,000,000, about $2.1 billion of which is off-budget for oil acquisition and transportation. The total available capacity of the reserve will be filled by the end of the fiscal year 1983 to a cumulative capacity of 343.1 million barrels.

New authority of $222.5 million is requested in fiscal year 1983 for facilities development.

ENERGY REGULATION

The fiscal year 1983 FERC budget request is $92.5 million to be partially offset by approximately $60 million from fees and other charges, assuming favorable consideration by the Congress of the FERC user fee legislation. Under other provisions of the plan, regulation activities other than FERC will be assigned to the Department of Justice. The Department of Justice will carry out adjudicatory activities to identify and obtain redress for violations which occurred during the period of price and allocation controls. The budget request for the Department of Justice's energy regulatory activities is $18 million, which will be adequate to support enforcement efforts. These cases will be prosecuted fully.

DEPARTMENTAL ADMINISTRATION

The fiscal year 1983 budget request of $162 million for departmental administration reflects reduced requirements resulting from a decline in the number of Federal employees and a reduction of overhead anticipated with the merger of the Departments of Energy and Commerce.

Mr. Chairman, I believe the fiscal year 1983 budget request for Federal energy programs will permit us to carry out those essential tasks which are unique to the Federal Government, while leaving the remaining energy responsibilities to the genius and energies of the American people.

PREPARED STATEMENT

Mr. Chairman, that's the end of my statement. I'll be glad to respond to any questions you or any of the committee may have. I would like my statement placed in the record.

Senator McClure. We will do it.

[The statement follows:]

STATEMENT OF JAMES B. EDWARDS

Mr. Chairman, Members of the Committee, I appreciate the opportunity to discuss with you the Fiscal Year 1983 budget for Federal Energy programs.

This budget is structured to accord with the proposed reorganization of energy functions currently administered by the Department of Energy. The objective of this budget and reorganization is to continue the transition from an energy policy which has led to a costly, ever-expanding energy bureaucracy, to a policy which relies on the free market for solutions to many of our energy problems. We believe the free market has served us well in the past and will work in the future when it is allowed the freedom to do so.

Last year, our budget request focused on redirecting Federal support away from demonstration and commercialization activities that are better handled by the private sector in favor of the more traditional and appropriate Federal role of funding longer-term, high-risk technology research and development with a potentially high payoff. That trend is continued and further refined in the FY 1983 budget request. This realignment of budget priorities was accompanied by a major step toward freeing the marketplace with the President's action of January, 1981, removing all price and allocation controls from crude oil and petroleum products.

Our redirection in spending and the removal of over 200 burdensome, counterproductive regulations are the keys to this Administration's policy of placing more reliance on the private sector and the market to stimulate energy conservation, production, and the selection of new technologies for commercialization.

This policy is working well. Since the decontrol of oil last year, drilling and seismic work have reached all time peaks, and this year we expect to break those records. Oil imports are at the lowest level since 1975, a vibrant sign that conservation is working.

The FY 1983 budget request for energy programs has been developed to support the five basic responsibilities in energy which are unique to the Federal government:

- Establishing sound public policies which give individuals and business the incentive to produce and use energy efficiently and allow an integrated energy market to function;
- Protecting against energy supply disruptions, primarily through maintenance of the Strategic Petroleum Reserve;
- Providing support to long-term, high-risk, potentially high-payoff research;
- Supporting national defense needs through civilian control of research, development, production, and testing of nuclear weapons; and
- Performing other tasks, such as operation of Federal energy resource reserves and Federal Power Marketing Administrations, and utility regulation required by law.

- Supporting national defense needs through civilian control of research, development, production, and testing of nuclear weapons; and
- Performing other tasks, such as operation of Federal energy resource reserves and Federal Power Marketing Administrations, and utility regulation required by law.

There being no further role for the government in the petroleum marketplace and in the commercialization of energy technologies, it is no longer necessary to have a single-purpose Cabinet-level department for the management of energy matters. As was stated in the National Energy Policy Plan released in July, 1981, energy is no longer viewed as an isolated entity, but rather as an integral part of the overall economy. Consequently, the management of these five basic energy responsibilities can be carried out more efficiently and effectively in other Cabinet-level departments which are charged with major responsibilities in the management of the Nation's economy.

In the proposed reorganization plan, these responsibilities will be divided principally between the Department of Commerce and the Department of the Interior.

Completion of petroleum regulatory enforcement and related activities will go to the Department of Justice, and the Federal Energy Regulatory Commission will become a separate, independent regulatory agency. The Department of Commerce will receive the bulk of the energy programs currently managed by the Department of Energy. A new agency, the Energy Research and Technology Administration (ERTA), will be established within the Department of Commerce to manage energy research and development, uranium enrichment, general science and defense activities. I am convinced that our security can be enhanced, our trade promoted, and our energy technologies advanced by combining these energy programs with the existing trade enhancement and technology development activities in the Department of Commerce.

The creation of ERTA will allow specialized management of the high technology energy, science, and weapons programs than was possible in the Department of Energy. This streamlined new organization will be able to focus necessary management attention on the difficult and unique set of problems that face high technology program development, and efficiency gains will result from the interrelationships of these programs.

Independent of ERTA, the Department of Commerce will also administer other energy functions, such as energy information collection and analysis, emergency preparedness activities, international energy activities, conservation grant management, and national energy policy. The Department of Commerce is particularly well suited to manage these programs because of its current information collection and statistical functions, its existing relationships with the business community and with State and local governments, and its national and international economic policy functions.

The Department of the Interior will manage Federally owned energy resources including the Strategic Petroleum Reserve, the Naval Petroleum and Oil Shale Reserves, and the five Power Marketing Administrations. The Department of the Interior's expertise in natural resource management makes it the logical recipient of these programs. In addition, certain mining research and development and related activities will transfer to the Department of the Interior's Bureau of the Mines.

BUDGET SUMMARY

The FY 1983 budget request for Federal energy programs is $11.8 billion in budget authority, including $2.1 billion in off-budget oil acquisition funds for the Strategic Petroleum Reserve. The anticipated outlays are $12.2 billion. This is a decrease of $1.3 billion in budget authority from FY 1982. Areas where requested funding is reduced include Energy Research and Development, the Strategic Petroleum Reserve, and Program Administration. Other major activities have increased funding requirements, including Atomic Energy Defense Activities, General Science, and the Power Marketing Administrations.

I would like now to discuss the funding request for selected major program elements.

RESEARCH AND DEVELOPMENT PROGRAMS

As mentioned above, the proposed reorganization plan transfers research and development programs to the Energy Research and Technology Administration (ERTA).

These activities, which represent 27 percent of the overall budget in FY 1983, show a 14 percent reduction from FY 1982. This reduction is a continuation of the redirection begun last year of the fossil, conservation, solar and renewable resource programs away from expensive technology demonstrations in favor of long-term, high-risk, potentially high-payoff research and development.

I will discuss certain of these technologies in greater detail.

MAGNETIC FUSION

Our efforts in fusion energy are directed toward a breakthrough that would provide us with a potentially inexhaustible energy resource base. The FY 1983 budget request of $444.1 million will provide for continuation of our scientifically oriented fusion program with a limited engineering effort. The plasma confinement effort will be aimed at pursuing mainline tokamak and mirror concepts. The Tandem Mirror Experiment Upgrade at Lawrence Livermore Laboratory will be operating and construction of the Tokamak Fusion Test Reactor project at the Princeton Plasma Physics Laboratory will be completed.

Funds are also proposed to fabricate an Advanced Toroidal Facility at Oak Ridge National Laboratory and improve the capability of the existing Doublet III machine to provide the research tools necessary to address the physics issues in present and advanced toroidal concepts. Funding is also proposed to continue construction activities on the Mirror Fusion Test Facility-B at Livermore.

NUCLEAR FISSION

The Nuclear Fission program provides the research base for the continued development of nuclear power as an economic and environmentally acceptable source of electric power. The FY 1983 budget request is $1,016 million.

The FY 1983 budget request for the Breeder Reactor Systems program is $577.5 million. In mid-FY 1982, in support of the President's Economic Recovery Program, we will begin to streamline certain aspects of the Liquid Metal Fast Breeder Reactor (LMFBR) program. This is necessary so that the resources, facilities, and technical expertise can be used in the most cost effective manner. The breeder base program will continue to support technology development on fuels, materials, and structures.

The principal plant project included in the LMFBR program is the Clinch River Breeder Reactor (CRBR). In FY 1983, it is anticipated that site preparation activities will move forward as well as the required licensing support, design work, and equipment procurement and fabrication activities.

Emphasis is also placed on closing the nuclear fuel cycle, principally by continuing research on commercial reprocessing of spent fuel, and on nuclear waste disposal. The Administration is committed to the development of commercial high-level waste repositories. To finance repository activities, we propose that a Nuclear Waste Disposal Fund be created into which fees will be paid by utilities which use nuclear power to generate electricity. In FY 1983, borrowing authority of $185 million is requested to provide program continuity early in the year, until fees are collected from the utilities later in the year. It is estimated that $300 million in fees will be deposited in the fund in FY 1983.

BASIC ENERGY SCIENCES

The purpose of the Basic Energy Sciences (BES) program is to provide knowledge that is relevant to energy production, conversion, exploration and use.

In FY 1983, the budget request of $283 million will enable the program to maintain most of the ongoing core research program and will permit some growth in biological energy research, advanced energy projects, engineering, mathematics, and geosciences. In addition, the BES program will continue to operate a network of research facilities at the National Laboratories as a national trust.

In FY 1983, the BES program will support research using major facilities such as the National Synchrotron Light Source at Brookhaven National Lab, and the Combustion Research Facility at Sandia Laboratories. Funding is also provided for modifications of the Weapons Neutron Research Facility at the Los Alamos Scientific Laboratory, which will be the first in a new generation of neutron sources for civilian research. In FY 1983, this program will assume the responsibility for operation of the Stanford Synchrotron Radiation Laboratory, formerly funded by the National Science Foundation.

FOSSIL ENERGY

This Nation still has abundant domestic resources of coal, oil shale, natural gas and petroleum. As a result of the Administration's action last year to decontrol the price of oil, government subsidies and regulations which reduced production and encouraged oil imports have been abandoned, and free market forces have greatly increased the attractiveness of domestic energy investments.

The Fossil Energy budget request reflects this changing role of the Federal government. The process began last year, when the Fossil Energy budget was realigned to concentrate on long-term, high-risk research and development, while relying on the private sector to demonstrate and commercialize promising individual technologies and processes. In FY 1983, funds will be applied to more generic research efforts and technology base development.

The budget request for these activities is $107 million. Of this figure, $91 million is for the Coal program. Almost 50 percent of the budget request for Coal is devoted to the Advanced Research and Technology Development and Coal Liquefaction programs, with lesser amounts earmarked for work in the areas of coal gasification, fuel cells, environmental control technology and coal preparation, direct combustion, and mining research and development.

In the Petroleum program, the FY 1983 effort will concentrate on enhanced recovery of light and heavy oil, and chemistry and physics work and environmental mitigation efforts in oil shale. In addition, the advanced exploratory research activities, which provide generic and fundamental support to all petroleum programs, will continue. The budget for petroleum activities is $16 million.

CONSERVATION

Efficient energy use is in everyone's economic interest. Rapid increases in energy costs have fostered substantial conservation efforts by individuals, businesses and other institutions in the past few years. The President's action to immediately deregulate crude oil and petroleum product prices in January 1981 has done much to free the market and accelerate this process. Consequently, a major Federal conservation program is no longer necessary.

Conservation Research activities will concentrate on fundamental research designed to build a technology base that can provide the foundation for future development of commercial products by the private sector.

In FY 1983, research and development funding of $17.5 million will be concentrated in the Multi-Sector Energy Conversion and Utilization Technology program area. The results of research performed there will be made available directly to the private sector, rather than being utilized by government technology applications programs serving specific end-use sectors, as was the case previously. The market forces which are behind the impressive nationwide conservation efforts render these intermediate technology application activities unnecessary beyond FY 1982.

The State and local assistance programs, which include grants for Weatherization and Schools and Hospitals, are proposed to be terminated, together with support for appropriate technology and energy-related inventions. The budget request of $4.3 million will fund the personnel required for monitoring and termination of activities relating to final grants awarded in the previous year. This activity will be housed in the Department of Commerce, but not within ERTA. The FY 1983 Budget would still provide Federal funds to the States for weatherization through the Low-Income Home Energy Assistance Program administered by the Department of Health and Human Services and through the Community Development Block Grant Program administered by the Department of Housing and Urban Development. Continued Federal support for the appropriate technology and energy-related inventions programs can no longer be justified in an economic climate so conducive to private support for energy conservation.

SOLAR AND OTHER RENEWABLE ENERGY

Solar and Other Renewable Energy resources offer the potential for significant contributions toward achieving energy self-sufficiency over the long term. The FY 1983 funding request for these programs totals $83 million.

The Administration's policies for solar energy continue the redirection begun last year to place greater emphasis on the private sector in the development and commercialization of solar technologies. The free market will determine the development and introduction rates of solar technologies consistent with their economic potential. A number of new technologies have been developed in recent years, and it is time that they be tested in the marketplace.

Consistent with this policy, no new FY 1983 budget authority is being requested for Active Heating and Cooling, Passive Heating and Cooling, Ocean Thermal Energy Systems, Hydropower, and Solar Information programs.

The Photovoltaics program budget request of $27 million is directed toward advancing the technology base upon which private industry can develop photovoltaic energy systems. Basic research activities will continue in the Solar Thermal, Biomass, and Wind Energy program areas, and the request of $9.5 million for Solar International activities will complete our Government's commitment to the Saudi Arabian Government under the Cooperative Project Agreement for jointly funded solar energy research and development.

The overall strategy of the Geothermal program is to conduct generic and technology base research. Consistent with this strategy, the $10 million FY 1983 geothermal program is structured around three areas: orderly termination of the hot dry rock program, completion of government involvement in the geopressurized resource definition program, and performance of research and development in the areas of geochemistry, geoscience, and energy conversion with particular application to lower-temperature resources.

GENERAL SCIENCE

The programs included in the General Science appropriation support basic research to expand our knowledge of the fundamental structure and behavior of matter. The budget request for FY 1983 is $601 million, up from $543 million in FY 1982.

The High Energy Physics Program shows the largest increase. The FY 1983 budget request of $429 million is almost 18 percent above the previous year's funding. One of the major activities in FY 1983 will be the commissioning and initial operations for research of the Energy Saver Superconducting Synchrotron at Fermi National Accelerator Laboratory. Priority is also given to operation of the Positron Electron Project Colliding Beam Facility at the Stanford Linear Accelerator Center. There will be a significant accelerator R&D program at Brookhaven National Laboratory on superconducting magnets, which are a high priority need for the future of the U.S. High Energy Physics Program.

DEFENSE ACTIVITIES

Defense Activities support the national security mission of the Department of Defense through the development, testing, and production of nuclear weapons and materials. The increase in funding from $4,692 million in FY 1982 to $5,506 million in FY 1983 is principally related to increased production requirements of weapons systems as outlined in the President's Nuclear Weapons Stockpile Memorandum.

Funding for full scale production of eight types of weapons will be requested, and weapon research and development efforts will also increase. Materials Production funding shows an increase commensurate with production requirements and the continuation of capital improvement projects.

The Defense Waste Management program also shows a substantial increase, from $365 million in FY 1982 to $518 million in FY 1983, with the largest increase in Terminal Storage to improve our current and future storage capacity. The Waste Isolation Pilot Plant project and the Defense Waste Processing facility - a glassification project - will be continued in FY 1983.

STRATEGIC PETROLEUM RESERVE

The total funding request for FY 1983 is $2,316 million, $2,074 million of which is off-budget for oil acquisition and transportation. As a result of limitations on available permanent storage capacity and, further, as a result of revised oil price assumptions, this funding level is well below FY 1982's $3,875 million, which included $3,684 million off-budget for oil acquisition and transportation. The total available capacity of the Reserve will be filled by the end of FY 1983 to a cumulative capacity of 343.1 million barrels.

New authority of $222.5 million is requested in FY 1983 for facilities development. As a result of accelerated leaching of the Bryan Mound caverns and other factors, storage capacity in the near term is being developed faster than previously anticipated. However, deferral of $53 million in FY 1982 funds is being proposed as part of a one year stretch-out of the completion of the 750 million barrel system. This will have no effect on available storage capacity prior to 1987.

ENERGY REGULATION

Energy regulatory activities include the work of the Federal Energy Regulatory Commission (FERC), which becomes a separate, independent agency under the proposed reorganization plan, and the duties currently being performed by the Economic Regulatory Administration (ERA) and the Office of Hearings and Appeals (OHA).

In FY 1983, the FERC budget request is $92.5 million, to be partially offset by approximately $60 million from fees and other charges, assuming favorable consideration of the FERC user fee legislation by the Congress. The duties of the ERA and OHA will be divided between the Departments of Justice and Commerce under the reorganization plan. The Department of Justice will carry out the greater part of the adjudicatory activities of the OHA, as well as the petroleum regulatory compliance program, which seeks to identify and obtain redress for violations which occurred during the period when price and allocation controls were in effect on crude oil, residual oil and refined petroleum products. The budget request for the Department of Justice's energy regulatory activities is $18 million. We believe this funding level will be adequate to support a vigorous enforcement effort. As has been said many times before, there will be no amnesty for those who have obtained unlawful benefits.

The Department of Commerce and the Federal Energy Regulatory Commission will exercise the remaining responsibilities of the OHA and the oil and gas operations program currently housed in ERA.

DEPARTMENTAL ADMINISTRATION

Funding requirements for Departmental Administration overhead activities are reduced in FY 1983, due largely to a decline in the number of Federal employees resulting from the elimination of unnecessary energy activities and the reduction of overhead anticipated with the elimination of the Department of Energy as a cabinet level organization.

Also, certain policy and management personnel once budgeted for in Departmental Administration are now proposed in the budgets of the operating activities they support. The budget request for FY 1983 is $162 million, compared to $267 million in FY 1982.

Mr. Chairman, I believe the FY 1983 budget request for Federal energy programs will permit us to carry out those essential energy tasks which are unique to the Federal Government, while leaving the remaining energy responsibilities to the genius and energies of the American people.

REORGANIZATION OF DOE

Senator McClure. Thank you very much, Mr. Secretary. Senator DeConcini, do you have any statements?

Senator DeConcini. No; I have no statement, Mr. Chairman.

Senator McClure. Thank you, Mr. Secretary. Before we begin questioning, may I make just a brief comment. We have had occasion to discuss over the last several months the format of the budget presentation, in view of the fact that there is a Department of Energy. The budget presumes that there won't be a Department of Energy, and yet we have to make all our decisions up here in this context, based upon the existing structures. And I note that much of your statement is addressed in the terms of the Department as it would be after reorganization. That hasn't been determined yet up here on the Hill, and I don't know what Congress will in fact determine with respect to that. We're still going to have to try to follow the procedure through on the basis of existing organization and make the budgetary determinations on the basis of the existing structure until, clearly, Congress determines something different.

I'm a little concerned about a different matter as well. Mr. Secretary, is it your view that the energy crisis is over?

Secretary EDWARDS. Mr. Chairman, not by any stretch of the imagination. We have some relief at the moment, and I might say that barring any unforeseen circumstance in the Middle East, the crisis is probably over, but we don't know what's going to happen in that very fragile part of the world.

COMMERCIALIZATION AND DEMONSTRATION

Senator MCCLURE. What's the difference between commercialization of energy technology and demonstration of technologies?

Secretary EDWARDS. Mr. Chairman, sometimes it's extremely difficult to draw the line, I will admit, but so far as I am concerned, we can have the long-term, high-risk research and carry it through to the proof of principle. I think that's where I would draw the line in terms of the Government fossil program for most technologies. However, once the proof of principle has been determined, the demonstration at the pilot and demonstration plants and, beyond that, the commercialization of plants, would be an area that the Federal Government should not support.

Senator MCCLURE. When you say proof of principle, you mean the technology has been demonstrated to be feasible in a technological sense?

Secretary EDWARDS. Yes.

Senator MCCLURE. And also economic in an economic sense?

Secretary EDWARDS. That's where it's very difficult to do, because sometimes you have to build large projects. You can build a small project and prove that it's possible to do it. Then, when you get ready to commercialize it, have to go to larger scale demonstration facilities. Somewhere along there is where the line must be drawn, I think.

VULNERABILITY TO SUPPLY DISRUPTIONS

Senator MCCLURE. I think you quite properly responded when I asked if the energy crisis was over. You said, no, it is not. There's been much discussion, not of the crisis nature of energy supplies, but the vulnerability of the United States and of our allies to interruption of supplies. I say it's just not in the Middle East, although certainly that's the most obvious point to look for, and perhaps to fear disruption of supply. But we have some problems in Libya, and I see by reading the newspaper we certainly have uncertainty of supply in other areas of the world. Africa is not without its political instability, oftentimes supported by outside forces for their own reasons. And there are perhaps other areas of the world as well, because we get our oil from a whole variety of different places throughout the world, any one of which upon becoming unstable affects our supply.

Libya is certainly not a major supplier to the United States. We've reduced our imports from that country to about 135,000 barrels a day, but it is light, sweet crude, a premium on the market for many refiners, and so we have a current oversupply in the world. Prices are dropping, but we're still vulnerable to the economic and political considerations of supply.

What disturbs me the most, I guess, is the tendency to polarize the discussion as though there are two facets, where I believe there are three. One is the very proper distinction that long-term research and development is an area in which the Government will be involved where the technology is very expensive, the lead times are very long, the investment is very high, and even though the odds of success are very great we need to go forward for the benefit of the Nation. That'll benefit the Nation 5, 10, 20, 30, 40, or 50 years from now, but not in the next 2 or 3 years.

The other end of it being those technologies that can be economically justified. They're feasible from the technological standpoint, and economically can be shown to be sustainable in the private sector, and we leave that to the private sector. But it seems to me there's another area that is not addressed either in this budget or in administration policy, and that is the desirability of reducing our vulnerability because of our dependence upon imported oil. There are some noneconomic, nonmarket choices that serve this country well, but seem to be left out of the budget completely.

I remember that only one-eleventh of the free world's oil supply was lost when the Shah of Iran fell from power, and we lost 5 of the 7.6 million barrels per day of oil production from that country. We had a slight surplus before that event, but that event created a sufficient shortage to run the price from $17 a barrel to above $32 a barrel, a tremendous economic leverage. It seems to me that we are ignoring the contributions that might be made to our security as well as to our international and domestic policies if we were able to reduce the vulnerability to that kind of distortion of our markets and our policies. Yet I see in this budget almost total elimination of some of the research outside the nuclear field of the research and development activities that might contribute to a reduction in that vulnerability.

Am I correct in assessing the thrust of this budget?

Secretary EDWARDS. Mr. Chairman, as you know, our vulnerability has been decreased significantly in several ways. No. 1, we are conserving much, much more than we ever had, so our demand for imports is down terrifically. Of course, our ability to conserve will decrease, because as we continue to conserve we get the easiest conservation first, and then we go from there and it's more difficult to conserve more later on.

Our reduced vulnerability certainly is very significant. The reason I talk about the Middle East, Mr. Chairman, is because there's such tremendous concentration of the natural resource of oil in an area that has been in turmoil for the last 2,000 years. The political structure there is quite fragile, to say the least.

There are other areas of the world where we see some signs of increased production. In the United States, since we've deregulated, there's been a tremendous increase in activity. If you look at the charts, we've had a decrease in the proven reserves in this country since 1970. It's been a gradual decrease over the years, but just last year I saw a little flattening out of that curve and it's beginning to turn back where we have an increase in domestic production.

In addition to that, Mr. Chairman, one of the things that I think everybody will concede is that the lines at the gas pumps occurred because Government did not have the ability to allocate the product. If we had left it to the free market to allocate the product, I don't think we would have had the terrific lines at the pumps like we had before.

ALLOCATION OF ENERGY SUPPLIES

Senator McClure. That may be true in 1978, Mr. Secretary. We didn't have the terrible lines at the pumps in 1978 and 1979, but leaving it to the marketplace in 1974 would have meant absolute chaos. I wish you had been here then, and I wish you had been answering your phone then.

Secretary Edwards. I was at the pump then, Mr. Chairman.

Senator McClure. My wife was at the pump, in the lines, keeping our car full, but we were trying desperately to get enough diesel out to the end of the line so that the farmer could get his crops in. That wasn't something that could wait. That wasn't something that the market could work out over a year or two period, as it might have done over a longer period. It wasn't a matter of people having enough money. The system just broke down. That wasn't because of Government allocation but because of a shortage of product.

Secretary Edwards. Mr. Chairman, I have been told by many people, and I haven't looked at a lot of figures or the evidence myself, but I've been told that those lines were because the Government tried to allocate the products. It didn't know how and it didn't have the ability.

Senator McClure. I'm sure that the Government made it worse than it otherwise would have been in some regards, but the other side of that is it's obviously the case that there wasn't enough product to go around, and it wasn't going to get everywhere, and there was a political response. I've been around here long enough to know this Congress isn't going to sit here while that sort of thing is going on across this country, and sit here quiescent and philosophize about the virtues of the free marketplace.

Secretary Edwards. Mr. Chairman, in West Germany they didn't have any price allocation mechanisms there, nor did they have the lines, and they had the shortages.

Senator McClure. They didn't have the abrupt changes in supply patterns that we had here either.

Secretary Edwards. They had about the same changes that we had. I don't think there would be much difference, because they're dependent on the Middle East.

Senator McClure. Maybe their Bundestag is more immune to the political pressures from home than is the Congress of the United States. But I sat here, and some others here did too, during that period of time, and I know what happened and I know how desperate the situation was out at the end of the supply lines. I come from an irrigated farm country. The analogy perhaps may not be quite as great in your State as in mine, but every farmer in my country knows that if there's enough water there's water clear to the last guy on the ditch. But if there isn't enough water, the guy at the end of the ditch goes without water. That's exactly what will happen in the event of a shortage of supply.

We see the major oil companies pulling back from rural markets today. They're going to market in the most efficient pattern, that is, where they can make the most money with the least cost. The very areas that a number of Members of Congress represent will be the ones that dry up in a period of time of that kind of shortage, and the Congress just simply isn't going to sit still.

IMPETUS FOR CONSERVATION

But that's a slightly different question, and I don't want to get off on the question of whether or not we can allocate it. I hope that we never have to again. You mentioned the fact that we also have conservation and there is, but how much of that conservation is because of more efficient energy usage? How much of it is a reflection of the increased cost, and therefore the substitution of something else? And how much of it is the result of the downturn in our economy?

Secretary EDWARDS. Mr. Chairman, I think it's a combination of all of them. And to divide it into how much is attributable to each factor is difficult. We haven't done any studies on this issue. But I'm sure a significant amount of the conservation we are seeing is a result of the economic situation. When the economy starts coming back I think we will see an increase in usage.

Senator MCCLURE. But that increased use will come out of imports, won't it, at the present time?

Secretary EDWARDS. Mr. Chairman, it probably would. There's no question about that. But also, when the economy comes back, if people can afford to buy new automobiles, there are many million cars a year that will be replaced with more efficient cars that consume less gasoline, and so there will be continued conservation along that line. There are a lot of gas guzzlers still on the road that people can't afford to replace because of the high interest rates. When the economy comes back, and the interest rates have to come down before the econony comes back, there will be some relief there and while it won't offset the total demand for energy, it will have an effect on it.

ENERGY POLICY

Senator DECONCINI. Mr. Chairman, I wonder if the chairman would indulge me one question.

Senator MCCLURE. Surely.

Senator DECONCINI. Then I have to leave for another committee meeting, if the Senator from Kentucky doesn't object.

Mr. Secretary, I'm very concerned about the energy policy or lack of policy by the administration. It's very clear to me that one of the only thrusts of that policy is to reorganize the Department of Energy. Maybe there's some merit there that I have not yet been able to digest and understand, but the solar energy subprograms, such as active heating and cooling, the passive and hybrid systems are eliminated entirely under your 1983 budget. Photovoltaic, solar, thermal biomass, alcohol fuel grants would be cut to about one-third their already greatly reduced fiscal year 1982 level. The wind program would be reduced to about one-sixth of its 1982 level, and though your statement points out that we are importing the lowest amount since 1975 of foreign oil, is it not correct that still about 40 percent of our petroleum comes from outside the country and costs about $70 billion a year?

What kind of policy is the administration going to take other than total reliance on the free market, or is that all we can anticipate? Is the free market going to be our only policy and nothing else other than dependence on imported fuel?

Secretary **Edwards**. Senator, we have a very clear-cut policy. I guess it's rather simple. Some people may accuse us of not having one. On one side we want to conserve all the energy we can, and on the other side we want to produce all we can. Conservation is working. If price is the driving force behind conservation we feel we can show that about 95 percent of all the conservation that has taken place has been driven by the price.

On the other side, on the production side, there is evidence that we are increasing our production of oil and gas. As I mentioned a few minutes ago, we have more seismic crews out in the field today working, looking for new places to find oil and gas. We have more drilling rigs out there drilling. Our production is beginning to come back after a downward trend since 1970. We hope to increase our conversion to coal and there is evidence that that is, in fact, taking place. We hope to export more coal so that our friends and allies around the world will have a cheaper source of energy and take the pressure off the international market, and reduce demand in the international market.

The Synthetic Fuels Corporation has about $17 billion that they have used for the development of synthetic fuels. I personally fought hard to get three synthetic fuel projects on line and operating because I felt it was necessary. Synthetic fuels cost a lot more per barrel of production per day of capital investment, and I thought that we needed some help there for that industry.

SOLAR ENERGY

Senator **DeConcini**. What about solar energy, Mr. Secretary? We reduced the solar energy and energy conservation budgets by over 50 percent in fiscal year 1982. You're proposing in your budget a 72-percent reduction in solar energy and a 94-percent reduction in budget authority for conservation activities. Don't you think that we ought to consider continued investment and participation by the Government in developing alternate sources, such as solar energy? Isn't that in the best interests of this Nation?

Secretary EDWARDS. There are a lot of commercial ventures going into the solar energy business, but when you are having difficult times financially and trying to reduce your deficits, you have to look at the cost-benefit ratio, at the very small amount that solar contributes to the overall energy needs, and you find that it's very difficult to justify an expenditure in that area of endeavor beyond some broad-based technological, generic research.

Senator DECONCINI. I can't argue with the fact that it is small in the amount of return that we're getting from it, but I feel very frustrated, and I suspect many Americans do, that we are relying on nuclear energy and continued use of mainly oil, and I just feel that we need some leadership, some foresight, some looking into the future. We need the 1960's attitude of going to the Moon, in my judgment, in the 1980's energy programs—such as going to the Sun.

I am just disappointed that the Energy Department has decided not to fight hard for some continuation of alternative fuels, particularly in the solar energy area, and I just wanted to express that to you, Mr. Secretary.

Secretary EDWARDS. We have the going to the Moon project that is fusion. We have $444 million in that project. You know, we aren't completely forgetting about long-term technology expansion. I'd like to point out that we are putting a lot of emphasis on nuclear. I think that we have to renew that nuclear option. Last year France doubled their nuclear capacity to 100 billion kilowatts, and for the first time last year France was able to be a net exporter of energy, and they reduced their importation of foreign oil by one-third. So you see, France is moving ahead in areas where the investment really pays off in actual benefits, and you can see the benefits there. And we sit back and wring our hands and say we shouldn't develop our nuclear option.

Senator DECONCINI. Why shouldn't we develop our solar option?

Secretary EDWARDS. Because you can develop your solar a long, long time and it's going to take 50 to 100 years to develop to where it will make a significant contribution to the overall use of energy in this country.

Senator DECONCINI. As I recall, before, in 1960, they were talking about taking 20, 30, 50 years to go into outer space and go to the Moon. We did it. I have real confidence that we could do it, and I think with your leadership, if you were determined you were going to do it with your history of accomplishment in Government, you could do it.

Secretary EDWARDS. I appreciate that expression of confidence. [Laughter.]

But it's going to take some higher power than me to make solar contribute more than a little small percentage to our overall energy program for the next 10 or 15 or 20 years. I do think we ought to continue some basic technological research in solar. Certainly passive solar is being commercialized today. That contributes to the overall picture.

Senator DECONCINI. Thank you, Mr. Secretary. I won't belabor the point any more.

Mr. Chairman, thank you for letting me interrupt you.

BUDGET REDUCTIONS

Senator McCLURE. Thank you, Senator. I appreciate your attention to this hearing in the matters that we have before us. I want to ask just one or two further questions, then I'll submit the balance for the record.

Mr. Secretary, you talked about conservation and you pointed to the fact that there has been some reduction in energy usage and increased activities in commercial oil and gas operations and coal. That's where the market is concentrating its efforts in production facilities in energy, I believe it's safe to say.

Secretary EDWARDS. There has been a slight increase in nuclear production this year over last year, too. We hoped to have a continued increase in that area.

Senator McCLURE. And there will be some slight increases based upon past actions that have been taken and the completion of those actions, but there are no new starts in that field right now.

Secretary EDWARDS. Unfortunately, no.

Senator McCLURE. So what we are really seeing is the market focusing on fossil fuels. And while there is a great potential for increased production of coal, the increased activity in oil and gas has slowed the decline and added to the peripheral reserves. But it's not an absolute increase in oil and gas and it is not, therefore, a substitution for imported oil, simply not as much imported oil as we would have had otherwise.

In the face of that, I see the conservation portion of the budget being greatly reduced, nearly eliminated as a matter of fact. While there is the opportunity to waste a lot of money in that area—we like sometimes to embark upon programs that do waste money—you propose to trim the energy conservation budget from the 1982 program level of slightly over $386 million to just under $22 million. That's a 94-percent reduction. At the same time, I see a stretchout in the strategic petroleum reserve, not a massive change, but a reduction. While the 300-plus million barrels of oil that might be in that reserve is still less than 30 days' supply, it's certainly more than 30 days' supply of imported oil.

It just seems to me that the administration is flying in the face of what Congress has determined. Most of the budget reductions you've suggested this year were also suggested last year, and Congress rejected them. In some of the instances I agreed with you. My colleagues on this committee or in the authorizing committees disagreed with both of us and went ahead and put more money back in. I just wonder if we're not just kind of going through that exercise again, only with heightened emphasis.

Secretary EDWARDS. Mr. Chairman, once again, we are reducing conservation because we feel that the increased price of energy has forced people to conserve. Ninety-five percent of our conservation, figures show, comes from the increase in energy prices, so we don't feel like all the things we do here, the pamphlets we publish and all the other activities and expenditures coming out of the Forrestal Building, contributes a whole lot to getting people to conserve. So we don't feel like we need it at a time when we're having difficult economic problems trying to reduce our deficit. We don't feel that we ought to have more direct outlays in the area of conservation, when price is the driving force.

As far as the strategic petroleum reserve is concerned, we did stretch out that reserve but we stretched it out in such a way that we would increase the capacity and increase the fill rate in the early years and stretch it out in the later years. The stretchout doesn't affect the strategic petroleum reserve until 1987. At that time we propose to have around 600 million barrels of oil, and I felt that if we're having some economic problems, that would be a good approach to it, to pour it in early, build our stockpile, and then after we get a significant amount, we can then stretch it out from 1989, 1 year to 1990. So I do think that that planning was pretty sound. We had a sound rationale for our planning in the strategic petroleum reserve.

Senator McClure. I'm concerned when I look at the pattern. It seems to me to indicate a greater confidence in the stability of world political and economic conditions. I'm concerned that we understate the effects on energy consumption of economic recovery, both here and in Europe. I believe it's going to increase very dramatically.

Certainly, you don't have much energy being consumed in Detroit today, as an example. There are some hopes that that energy will be consumed in Detroit and not in Tokyo, but that's going to take a little while to find out, and by the time we find out, we may find it difficult to reverse those trends.

Senator Huddleston?

OPEC REACTION TO BUDGET REDUCTIONS

Senator Huddleston. Thank you very much, Mr. Chairman.

Mr. Secretary, there's little in your budget submission to question you about, but the bulk of my questions will be directed at what isn't there.

Basically, what isn't there is the kind of leadership and planning in the energy field which this country desperately needs. The country's energy problems are not over; we're fortunate to have a temporary lull in supply and demand, and if we're smart, we'll be using that lull to prepare for the next storm, which I think is sure to come.

Great strides in energy conservation and the development of new technologies just can't happen overnight, and we can never hope to offset our imported energy and the costs to our economy and national security if we look solely at the economics of the situation at any given moment and let short-term fluctuations in oil supplies and prices dictate our energy policies.

We need consistency and we need Government support for high-risk new technologies. Where the risks and the costs of commercial demonstration are higher than private industry will pay, without Government assistance, sufficient long-term conservation and supply investments simply would not be made.

I'm convinced of that, and this administration so far has offered no proof to the contrary.

We still import over 5 million barrels of oil a day at a cost of $60 billion a year, despite the drop in oil demand and prices. So what kind of signal do you think that the Government's retreat from conservation and alternative fuel research sends to OPEC, and how do you think they're likely to respond to that?

ENERGY POLICY AND PLANNING

Secretary EDWARDS. Senator, speaking of energy planning, I think we may have a difference of philosophy in the plan that we have, but I think that our plan is very clear, that price is forcing us to conserve, and that we are opening up the market.

Let the market work. It's been proven already, just in the short time that we have introduced these policies, that they do in fact work.

Senator HUDDLESTON. Prices are coming down right now, Mr. Secretary. Is that going to eliminate some of the incentive to conserve?

Secretary EDWARDS. To some extent, Senator, it will. Also, when the prices come down, people automatically just feel a little more relaxed and use a little bit more energy. They don't continue to conserve.

Senator HUDDLESTON. And they can go back up again just as quickly. That's out of our control.

Secretary EDWARDS. That's exactly right, and that's why it's so important for us to continue our strategic petroleum reserve, continue encouraging domestic production, and continue activities in the synthetic fuels area.

We haven't completely ignored that, Senator. The Government has spent about $20 billion, and we've pushed for those three projects—the two oil shale and the one coal gasification project. These are some of the things that we felt were very essential.

But I just want to remind you that during the 7 years we've been accused so often of not having an energy plan, of not having any policy, but I just want to say that if you're talking about giving the Government complete authority over the energy field and Government interfering in it like they did before, when we had price and allocation authority, that that didn't work too well either, Senator.

During those 7 years we had price and allocation authority. However, we imported more energy, we produced less energy, we consumed more energy and the price went up higher during those 7 years than in any other 7 years in history.

So you know, to say that we don't have a policy just because we don't believe in price and allocation mechanisms, I think is wrong.

Senator HUDDLESTON. I'm not talking about giving Government control over all of our energy. I'm talking about Government helping, anticipating the development of an infrastructure that would enable us to supply our own energy needs somewhere down the road. We cannot always rely on foreign sources for our energy, as we do at the present time.

ASSISTANCE TO ELECTRIC UTILITIES

Secretary EDWARDS. You know, there's one little area of energy production that nobody seems to be listening to too much, and that's the electric utilities business. I think oil and gas are in pretty good shape temporarily; coal is improving, though not as rapidly as I'd like for it to improve, but electric utilities are in a situation where they really need some help, and I don't know exactly how to give it to them.

Senator HUDDLESTON. Well, you've zeroed them out, as far as the fuel conversion program which assists utilities in conversion.

Secretary EDWARDS. Senator, under the previous law, before we got here, we had a situation where the utilities were not even going to be able to select what fuel was best suited for their needs and their particular areas. Under the off gas provision, we finally got that removed, but the utilities have canceled 94 electrical generating facilities that were under construction or planned. Sixty-nine of them were nuclear, and everybody says: "Well, I can understand that."

But how do you explain that they also canceled 25 coal facilities?

Electric utilities are in trouble, and what we need to do is get the interest rates down. One of the things is reduced load growth, but that's only temporary. Industry studies show that by the year 2000 our GNP is going to go up at a minimum of 1.7 percent, and electric demand is going to go up correspondingly 2 percent.

If that happens, given the pace of cancellations and delays of new power generation facilities, we're going to have a shortfall of about 215,000 megawatts. That is equal to one-third of all the electric generating capacity in the United States today. The financial situation of this industry caused by its rate regulatory treatment, coupled with the decisions of the Nuclear Regulatory Commission, which are philosophical rather than technically based, have just about killed this industry. That's one of the areas that I think we've got to do something about.

The fuel conversion situation is to help them to convert to other alternate sources.

Senator HUDDLESTON. How do you propose to implement that program when you are not requesting any funding? You indicated in the justification that this program will have accomplished its purpose at the end of fiscal year 1982.

Is that still your position? How many prohibition orders are you processing at the present time?

Secretary EDWARDS. I can't give you that number, exactly, but if we ordered them to switch, then that leaves them some of the responsibility under the Clean Air Act, and there's quite a bit of activity in that area. We feel like that should be pretty well completed by the end of 1982.

Senator HUDDLESTON. You suggest that an adjustment may be proposed, if that's not completed. Do you have any idea of when that might occur?

Secretary EDWARDS. As we approach the end of 1982, Senator.

CONTINGENCY PLANS FOR EMERGENCIES

Senator HUDDLESTON. Now, in the event of another oil supply cutoff, which we all know could happen any time, our principal source of oil being the most volatile section in the whole world, what kind of contingency plans do you have to make up for the time and momentum that will have been lost if we adopt this budget?

What would you do to accelerate conservation or the development of alternative fuels, if our oil supply were suddenly reduced by 50 percent or more?

Secretary EDWARDS. Senator, conservation will be stimulated even more if the price goes up, and I would assume that the price will go up in case we have a disruption again. We would like for the marketplace to be the driving force to control supply and demand. The Government's controlling supply and demand certainly didn't work last time.

Senator HUDDLESTON. The problem with that, of course, is it always lags behind the event. It seems to me it would make a lot more sense for this country to have in place a continuing effort on both conservation and the development of alternate sources, so when these dramatic things occur we're prepared to deal with them, rather than have to put into effect something overnight and be hopeful that we can catch up.

Secretary EDWARDS. That's one of the reasons I worked so hard to get my synthetic fuels projects going. That's one of the reasons for that.

But you know, when it comes to supply disruptions, I think the actions that we take now in times of plenty are the things that we need to do, and we've been working very diligently in that area.

For example, our strategic petroleum reserve; when we came aboard, there were about 100 million barrels in the strategic petroleum reserve. It was a 4- or 5-year-old program.

Since that time, we will have accumulated 250 million barrels by sometime in the next month or two. So we have been building our own strategic petroleum reserve and encouraging the private sector to build their reserves—and today they have about 50 to 130 million barrels in our private reserves here in this country, industrial reserves.

We have worked with our partners at the International Energy Agency, and have encouraged them to build their supplies. The oil-consuming nations of the world have in fact built their supplies quite high. Most of them have a 90- to 120-day supply, and some of them have more.

So you may have a cutoff, but you will not have that severe shock that we had when we had the previous cutoffs. There was never any reason to build inventories at all. We always had available cheap oil from the Middle East, without any history of disruption or any boycott.

But we're much better prepared today than we have been in the past in this country and around the free world, and around the oil-consuming nations of the world.

PRIVATE SECTOR INVOLVEMENT IN FOSSIL ENERGY RESEARCH AND DEVELOPMENT

Senator HUDDLESTON. Which of the long list of energy programs that the Government is abandoning do you expect the private sector will pick up?

Secretary EDWARDS. I don't think we can go down the list, per se, and say that the private sector is going to pick them all up. Some of these they probably never will pick up.

But we do have a prepared list that we'd like to submit for the record.

[The information follows:]

PRIVATE INDUSTRY INTEREST IN FOSSIL ENERGY PROJECTS

Industry is assuming the initiative in commercializing a variety of new fossil energy technologies as evidenced by the following examples:

More than 60 proposals (from 24 States) submitted to the Synthetic Fuels Corporation by firms willing to share a substantial portion of the costs and risks if chosen. Eleven of the projects are now being considered by the Corporation and include both gasification and direct liquefaction technologies which can trace their origins to the Federal research effort;

Industrial sponsors are working to demonstrate coal gasification combined cycle at the Coolwater project in California. While this project is a candidate for Federal incentives, private industry is putting up the bulk of the necessary capital expenditures;

The commercialization efforts of firms such as Westinghouse, Exxon, and British Gas to develop and market advanced coal gasifiers following development work sponsored by the Federal Government; in addition to efforts underway by several companies sponsoring advanced synfuel technologies developed outside the Government program (for example: Shell, Koppers, and Texaco);

In the case of atmospheric fluidized bed combustion, the private sector is also making large strides in making this technology a commercial reality. At the present time, there are several vendors offering this type of combustor for sale for industrial use and at least 30 units are either in design, construction, or operation which have been wholly funded by private industry;

Industry is making major advances in environmental cleanup technology, particularly in the application of new, improved systems such as the dry scrubber;

Utilities and industries have assumed the initiative in preparing and burning coal-oil mixtures as a substitute for 100 percent oil firing; and

In addition, in the area of direct liquefaction the industrial sponsors of the H-coal and Exxon donor solvent pilot plant programs are attempting to continue activities after DOE funds are expended.

It should also be noted that in 1980 research and development expenditures of the fossil fuel industry are up over 27 percent compared to 1979.

PRIVATE SECTOR INVESTMENT IN FOSSIL TECHNOLOGIES

Senator HUDDLESTON. Do you have any assurances from members of the private sector that they will pick up some of these programs?

Secretary EDWARDS. Yes; we feel they'll pick up some of them.

Senator HUDDLESTON. The coal budget, for instance. Do you have any indication there that the private sector will pick it up?

Secretary EDWARDS. Well, we don't have any evidence of that, Senator.

Senator HUDDLESTON. I think it would be helpful to us if you would supply for the record some indication of just where the private sector has already indicated they're willing to step in and make up the difference.

Secretary EDWARDS. We can go down the list here that we have, that more or less goes along in those areas.

The Coolwater project in California, which is a coal-gasification, combined cycle project, is one that the private sector is picking up. In addition, there are commercialization efforts by, for example, firms like Westinghouse, Exxon, and British Gas, which are developing coal gasifiers following developmental work sponsored by the Federal Government. Efforts that are also being conducted by several companies in the development of advanced synfuels technologies. These are being conducted outside of the structure of Government programs.

For example, Shell and Koppers and Texaco have all had synthetic fuel projects that have not had any Government help. The private sector is also making large strides in developing the atmospheric fluidized-bed combustion technology and bringing it to commercial reality. At the present time there are several vendors offering this type of combustor for sale for industrial use. In addition there are at least 30 units either in design, construction, or operation which have been wholly funded by private industry.

Industry is making major advances in environmental cleanup technology, particularly in the development of the dry scrubber, which is supposed to be the latest technology.

In the area of coal-oil mixture, utilities and industries have assumed the leadership in developing coal-oil mixtures.

In addition, a little closer to your home, in the area of direct liquefaction, industrial sponsors of the H-coal and the Exxon donor solvent pilot plant program are intending to continue that activity.

We have also noted that in a recent year the research and development expenditures of the fossil fuel industry are up by 27 percent compared to the year before, and that was before the President's economic recovery program was put in place. The Economic Recovery Tax Act of 1981 provides that an industry will get a 25-percent tax credit for research and development expenditures.

So there is evidence, Senator, that the private sector is entering into a lot of these projects, and they're doing a lot of it on their own.

This country made great progress before Government ever decided that it ought to be in every facet of our lives, and we survived some way and we became the greatest country in the world. All of a sudden we seem to have developed a philosophy that we can't do it any more unless the Federal Government gets in it and funds it, or gets in it some way.

I stoutly maintain that I think the Federal Government messes up more than they straighten up in this area.

GOVERNMENT RESPONSIBILITY FOR ENERGY PROBLEMS

Senator HUDDLESTON. Well, it wasn't the Federal Government that caused the OPEC increases in prices, and it wasn't the Federal Government that really lulled us into that false sense of security by becoming addicted to that low-priced oil out of the Mideast.

That was the great industrial giants of the United States.

Secretary EDWARDS. But Senator, it was the Federal Government that, under the entitlements program subsidized the continuation of the importation of foreign crude. You can't deny that. Five dollars a barrel; we were requiring our American producers to subsidize the importation of international crude to the tune of $5 a barrel; at a time when we were trying to cut down the importation of crude, the Federal Government was causing it to be subsidized.

So the Federal Government isn't lily white in this particular area.

Senator HUDDLESTON. Well, I think the point is that we're in a situation now where we have great resources in this country that are not being utilized, and we need the kind of a crash program——

Secretary EDWARDS. I agree with you.

U.S. COAL RESOURCES

Senator HUDDLESTON. We have one-half of the known reserves of coal of the free world in the United States. The use of much of the reserves east of the Mississippi is restricted under conventional technologies.

The Office of Coal Research, the Energy Research and Development Administration, and the Department of Energy, in earlier years, have all emphasized programs that helped unleash these reserves and make them useful.

Secretary EDWARDS. Senator, who caused the restrictions on the use of coal? I couldn't help but say that.

Senator HUDDLESTON. Who causes the restriction on the uses of nuclear, which you seem very enthusiastic about.

Secretary EDWARDS. That's right. The Federal Government keeps restricting it.

Senator HUDDLESTON. So there's no question that some restrictions are appropriate, when you look at the best interests and the health and safety of the people, but it also ought to be Government's obligation to help overcome those restrictions and make the fuel that we have in abundant supply useful to us if we're going to protect our security and the economy in the future.

Senator MCCLURE. Mr. Secretary, I think you had indicated that you could supply a list of private sector developments. That will be received for the record and made a part of the record.

Senator HUDDLESTON. Mr. Chairman, I know my time is limited, thank you.

Secretary EDWARDS. Senator, we'd be glad to respond to any questions you may have.

Senator MCCLURE. Thank you. Senator Andrews.

Senator ANDREWS. Thank you, Mr. Chairman.

Mr. Secretary, it's good to see you. I note that my colleagues have been asking a number of questions about conservation. I have questions about a host of other things. We're having a hearing just across the hall in another subcommittee with Secretary Weinberger and General Jones about the defense posture of this country. They're asking for some tens of billions of dollars to put together a rapid deployment strike force.

When you ask them why, they say, "Well, we need it to protect our interests in the Middle East." I said, "Protect what in the Middle East?" They come back with, "Well, we have to keep open the supply line to that vitally essential oil, energy, that's in the Middle East."

How come the administration on one hand says we have to spend $10 to $15 billion to protect oil that isn't ours, and on the other hand cut back sharply the research funds that are necessary to develop, for instance, sub-bituminous coal here? You're zeroing out that one plant that does research on new ways of utilizing coal that statistics tell us we have more Btu's of than any other energy source in this country and far more than the Btu's totally available in the OPEC area.

Do you really think that the private industry is going to come in and do that kind of research?

Secretary EDWARDS. Yes; I do, Senator. I think they're going to do an awful lot of that type of research, because the market is there. The great American system has fulfilled the needs of the market, but we haven't completely ignored alternate sources of energy, because we have spent an awful lot and are continuing to spend a lot. We also have the Synthetic Fuels Corporation, as I mentioned before. We have $17 billion more there. We spend probably $4 billion in addition to that.

DOE INVOLVEMENT IN SYNFUELS

Senator ANDREWS. You did a fantastic job of leadership, I might add, Mr. Secretary, to set up three very important prototype plants in the West over considerable objections.

Secretary EDWARDS. I appreciate that expression of confidence. I hope they all produce as well as my staff said they were going to.

Senator ANDREWS. I think in the long run, you've made an excellent investment for the country.

Secretary EDWARDS. If that one coal project, the Great Plains gasification project, proves feasible, this process will be applicable to one-half of all the coal in America, to convert it to an environmentally acceptable form of energy and place it in the infrastructure that's already present to deliver it around the country in the pipelines.

That's the type of project I think that we need. There's a tremendous return on your investment there, if it works.

REDUCTIONS IN ENERGY TECHNOLOGY CENTERS

Senator ANDREWS. But Mr. Secretary, at the very moment that we're investing $2 billion through the Federal loan guarantee in a coal gasification plant, we're cutting out the research for the only Federal laboratory we have that works with that type of coal to develop ways of handling the emissions from the plant and new ways of gasifying the coal. Now we're told that all of that can be done better by the private sector. The private sector isn't really all that dependable from the standpoint of research, Mr. Secretary.

Secretary EDWARDS. Senator, as you know we are struggling to try to get enough money to balance this budget and cut down our deficit. When you're doing that, we look at our field structure. We have five different energy technology centers, and we felt it was essential that we reduce them in number. We are attempting to consolidate that research into two centers in an effort to save money. I feel as if a lot of that research will continue in those two centers. It will be essential research. This is purely an economic move. I understand that DOE officials have been in touch with the university in your State.

Senator ANDREWS. They have been, and they've been visiting in my office, and I appreciate it very much, because we were given the full background of your thinking and what the options were. The concern that I have, however, is while we're cutting back on this budget—and we have to—we're importing 80 billion dollars' worth of energy a year, and it's raising hob with our balance of payments and doing a lot of other things to our economy. The best way of protecting against that, I would maintain, is to maintain a full-fledged research program, so that we can make sure that we have the best possible solution to utilizing our own fuel supplies.

We'll be talking with your people, I think, on a quite regular basis over the next few weeks, Mr. Secretary, but I just wanted you to know how strongly I feel about it.

One other thing that's bothered me for some time, in addition to importing all this oil, during the Carter administration there was an order put out to the electric generating cooperatives telling them that they could not advertise to their patron members that they heat with electricity. They can heat with electricity generated in coal-fired plants for an equivalent cost of about 67- or 68-cent fuel oil. It's a bargain for them. It's a bargain for the country, because it's domestic fuel rather than foreign imported fuel. Yet one of the biggest rural electric GND's, Basin Electric, located in my State, has had to slip for 1 year the construction of my State, because it isn't loaded.

Now is it in the interest of this country not to develop along with conservation, obviously, to save energy where we can, but coupled with conservation, isn't it in the best interests of this country to stimulate the use of domestically produced fuel instead of imported fuel.

Secretary EDWARDS. Senator, that's just exactly the kind of activity that drives me up the wall. When the Federal Government can come in and tell a utility what they can and cannot do on a daily basis, what they can spend on their advertising budget, what they can advertise for, this interference in the marketplace is the exact kind of thing that's causing all these problems. You're absolutely right. If this co-op could advertise and encourage people to switch to electricity, it would take the strain off the coal and off the oil and gas situation. We wouldn't have as many imports. I stoutly maintain that if in this free economy of ours, or supposedly free economy, if decisions are made, based on the economics of the situation rather than on some foolish rule and regulation put out by Government, we'd be a lot better off.

Senator ANDREWS. Mr. Secretary, what have you done to overturn that foolish rule and regulation? It looks like once again we're in total agreement, but the regulation's still out there.

Secretary EDWARDS. Well, we'll take a close look at it. We've done away with about 200 of them and 23,000 fewer pages in the Federal Register of regulation now then there were when we came in a year ago.

Senator ANDREWS. Are you aware of that prohibition——

Secretary EDWARDS. I was not aware of that prohibition.

Senator ANDREWS [continuing]. On rural electric distribution co-ops that they can't advertise the use of electricity to heat with, even though it would be cheaper for their member patrons than the purchase of fuel oil and much more in the interests of this country.

Secretary EDWARDS. I was not aware of that.

Senator ANDREWS. One of the generating co-ops has had to slip for 1 year the construction of a plant because it wasn't going to be loaded. That would be in the interests of the country. I would be interested if you would check into that and supply for the record what the status of that regulation and what you think can be done with it.

Secretary EDWARDS. I'll be happy to.

[The information follows:]

PROHIBITIONS ON ADVERTISING FOR RESIDENTIAL LOAD

Insofar as we have been able to ascertain, there is no Federal statute or regulation prohibiting advertising by rural electric cooperatives for residential hookups. The Public Utility Regulatory Policies Act of 1978 established a standard for consideration by State regulatory authority that electric utilities should not recover from ratepayers the costs of political or promotional advertising. Rather, these expenses should be borne by the shareholders. However, since rural electric cooperative ratepayers and shareholders are the same, this standard would be inapplicable even if it had been adopted by the State regulatory authority.

The Rural Electrification Administration of the Department of Agriculture is similarly unfamiliar with any prohibition. While it is unaware of advertising by cooperatives for residential hookups, it believes this results from the capital requirements generally associated with load growth.

ENERGY TECHNOLOGY CENTERS

Senator ANDREWS. Mr. Chairman, I see a number of my colleagues are here. I don't want to take any more time. I just want to say again, Mr. Secretary, we've certainly appreciated your cooperation. We haven't always agreed, but I think you've run one of the best shops around as far as openness and constructive statements of principle and all of the other things. You certainly have our admiration for the job you're doing in a very difficult spot.

Secretary EDWARDS. I appreciate it.

Senator ANDREWS. Thank you, Mr. Chairman.

Senator MCCLURE. Thank you. Senator Burdick?

REDUCTIONS IN ENERGY TECHNOLOGY CENTERS

Senator BURDICK. Mr. Secretary, I understand that there are similar to the Grand Forks plant four or five energy technology centers around the country that develop technology in coal and other fuels. Is that correct?

Secretary EDWARDS. There are five energy technology centers.

Senator BURDICK. I understand two or three of them will be closed.

Secretary EDWARDS. We are trying to close down three of them and bring the activity into two of them.

Senator BURDICK. That's right. Now what bothers me is that we have in North Dakota, 65 percent of all the lignite coal in North America. We have resources estimated, conservatively, at 15 billion tons. Why would you close the plant in North Dakota, with all that resource at hand?

Secretary EDWARDS. I guess the best way to do that is to get my Assistant Secretary for Fossil Fuels to come over and explain this problem to you.

Senator BURDICK. I think he'd better. [Laughter.]

Secretary EDWARDS. We'd be glad to have him to come to you. He's got a problem too with the budget reduction. He's trying to consolidate some of these projects into one or two centers.

Senator BURDICK. But with this tremendous supply of energy we have out there, it has to be developed on site; certainly, that's where the research is needed.

Secretary EDWARDS. Senator, in Wyoming, they told me the same thing. In Bartlesville, Okla., they told me the same thing.

Senator BURDICK. They can't show 65 percent of the deposits.

Secretary EDWARDS. They can show an awful lot of coal in Wyoming, Senator. I don't know what the percentage is exactly. We're trying to work our way through this in a very cooperative manner. We understand that your State has a university that's looking at that center. Perhaps we can work out something to continue that research at the university level.

Senator BURDICK. We're not only looking at it, they're looking at me to get it back on track again! [Laughter.]

Secretary EDWARDS. Senator, being a former Governor, you have my deepest sympathy.

Senator BURDICK. Can you please give me a little more than sympathy? [Laughter.]

I think that's about all I had in mind. What about the ANG plant? Is it proceeding all right at the present time?

Secretary EDWARDS. To the best of my knowledge, it is. I hope it will continue to, but my neck's in the noose on that one, sir.

Senator MCCLURE. Senator Leahy.

ENERGY REORGANIZATION

Senator LEAHY. Thank you, Mr. Chairman.

Mr. Secretary, at your confirmation hearing, as I recall, you testified you'd come to Washington to put the Department of Energy out of business. I'm one of the ones who had voted to create a Department of Energy, and I quite frankly originally, at least, was opposed to the President's proposal to abolish it. But I've looked through your 1980 budget, and you've made a convert out of me. If the budget you propose is approved by us in this committee and eventually by the Congress, I'll not only back you all the way in abolishing the Department of Energy, in fact, I'll insist on it. I'll take charge on the floor. This budget proposes spending 3½ times more on the Clinch River breeder reactor, for example, than for solar energy development. We're virtually abolishing energy conservation programs, including weatherization, while we're providing fully funding for nuclear energy. I think if this budget's adopted, we ought to go beyond dismantling DOE. We ought to propose that all the energy programs in the Department be reduced to a true research and development level of, say, $100 million or less.

ENERGY RESEARCH ADVISORY BOARD RECOMMENDATIONS

We can save the taxpayers close to $1 billion. We have an outside panel of energy experts called the Energy Research Advisory Board. It has executives of major high technology and energy companies, pretty hard-nosed business types, John Foster, the vice president of TRW, William McCormack of American Natural Resources Systems. They went through your budget and they made two major recommendations: cut the Clinch River breeder reactor and increase funding for energy conservation, but your budget increases Clinch River funding by 30 percent. At the same time it virtually abolishes the energy conservation program.

Why such a difference? I realize you're not required to follow your advisory board's recommendation, but why such an extreme dichotomy of views there, Mr. Secretary?

Secretary EDWARDS. Senator, as you know, this is an advisory board. They don't take into account all the things that we do when we make the final determination.

Senator LEAHY. What are some of the things they didn't take into account?

Secretary EDWARDS. This report, I think, came out on the eve of the vote on the Clinch River.

Senator LEAHY. I beg your pardon?

Secretary EDWARDS. I want to remind you this report came out on the eve of the Clinch River vote, as I remember, and the timing of it, I think, was rather significant. Also in that report, they were assuming our continued dependency on foreign oil, and they also said that if there was another disruption in the oil supply that their statistics would be distorted terrifically. Regarding Clinch River, the President's on record as being in favor of the Clinch River breeder, specifically, and of restoring the nuclear option. I think it's a logical next step in the development of a breeder reactor. I think we have to vigorously develop the breeder technology, and if we do, we'll be able to generate enough electricity for the free world for the next 2,000 or 3,000 years.

Senator LEAHY. What did they not take into consideration that you had taken into consideration on the question of energy conservation? Surely you don't feel that we no longer have the risk of the supply of foreign oil being cut off?

Secretary EDWARDS. We certainly do have that risk, and they didn't take that into consideration.

Senator LEAHY. I should think that is one of the things they do take into consideration when they suggest we increase energy conservation as an alternative to the importing of oil.

Secretary EDWARDS. Certainly.

Senator LEAHY. Why are you so different from them on that?

Secretary EDWARDS. On the other hand, if we have a disruption in oil deliveries, then what are we going to do for energy? Can we displace the need for oil with electrical energy? The breeder reactor is a prime long-term project that has tremendous promise for having us decrease our dependency on foreign oil in the out years.

ENERGY CONSERVATION

Senator LEAHY. I'm sorry, Mr. Secretary, maybe I didn't make myself clear. I'm talking about, now, energy conservation program. Why is there such a difference between your view or your Department's view in your budget from their view on the question of energy conservation? Both you and they assume we face the possibility of an oil cut off. Both you and they assume increased prices and energy costs.

Secretary EDWARDS. We have shown that about 95 percent of the total energy conservation that's taken place in the past is due to the price of energy. We feel the American people are conserving because of the increased price, and we feel the investment of outlay dollars to effect the funding of some of these programs is not worth the cost when it comes to the overall picture. We feel the price is going to drive people to conserve. That's what we need and that's what we're depending on.

Senator LEAHY. So would you say then, "just simply jack up the price," that there's nothing the Department of Energy can do to help in conservation programs?

Secretary EDWARDS. No, Senator; that's not what I'm saying. I'm saying that because of the increased prices that took place under the previous administration, not this administration, people are conserving more than ever before. There's all sorts of evidence to prove that.

Senator LEAHY. Let me just read you a letter from an 80-year-old woman in Vermont. I just happened to get a copy of this. She wrote to somebody else. She said, "I'm writing to tell you how much I appreciate the assistance given me by"—name of the person—"I'm a widow, 80 years old, and trying to maintain my independence in my own home. Fuel bills have been a matter of primary concern, so I took advantage of the energy survey I heard about through our senior citizens' project. He made a thorough survey of my situation, helped in every way with patience and courtesy, and I'm now preparing to implement some of the suggestions he made that will hopefully result in the reduction of my fuel bills and also keep me warmer. My thermostat has been set at 62 degrees." Incidentally, 3 weeks ago, I just happened to look out at the thermostat or the thermometer outdoors in my own home in Vermont. It was 22 degrees below 0 at that point. That's without the wind chill factor.

I think it would be a real loss if any of our citizens had this source of help removed. She is an 80-year-old widow, I'm told, and I know I would never have pursued this energy survey if there had been a consulting fee.

I certainly hope this very helpful and necessary service will continue to be available.

Now, the budget abolishes a $13 million program which is helping an awful lot of people like that. Simply jacking up the price is not going to help these kind of people learn how to conserve.

Again, I ask: Is there something in there that the advisory board, on this conservation matter, was not aware of that they should have been aware of? Or is there something that you're aware of that they weren't aware of?

Secretary EDWARDS. Getting back to this 80-year-old widow, who did that energy survey for her?

Senator LEAHY. It was done by the Vermont energy office under the Residential Conservation Service funded through your Department.

Secretary EDWARDS. You know, you can get a variety of people to do the energy surveys for you. I don't know exactly which one that was, but anyway, getting back to weatherization, and the low-income home energy assistance block grants, you have about $1.3 billion that has been set aside for that, and 15 percent of that can be used for weatherization, and the energy survey can be done in conjunction with that.

In the community development block grant in HUD we have $3.5 million available. There's all sorts of help out there other than in this particular area of ours.

Senator LEAHY. That's if the State uses 15 percent for low-income energy weatherization?

Secretary EDWARDS. They are allowed up to 15 percent for weatherization. I think this administration and this country are very sensitive to the needs of the poor. I think if somebody can afford that, I think it should be done through Health and Human Services, or HUD, rather than through our Department.

I'd just like to remind you that we're proposing to spend $210 billion in outlays for the elderly in 1983. It's an increase over 1982, and our proposals will make available $15,700 for every elderly couple in America today.

So this administration is not being insensitive to the poor. There are just ways of doing it other than through our Department of Energy that we feel are better ways. HUD and Health and Human Services are set up better to handle things like that.

Senator LEAHY. In your national energy plan, you say that the best guarantee of maintaining a wholesome balance of competing interests in regard to energy is for the American people themselves to make free and informed choices. The American public is relying on electricity to provide 13 percent of its energy needs; the budget spends 86 percent on nuclear fission and fusion.

Is that responding to the market sense of the American people to establish those priorities in the energy budget?

Secretary EDWARDS. Well, you know, because nuclear has come up the way it has, I think there is a demand for Government funds in this particular area more than it is in the other areas.

But we haven't ignored the other areas, either. Over the years, this question has come up so often that I did a little research to see how much we had subsidized other areas of other energy sources. The Nation has subsidized the light-water reactor industry, for example, to the tune of about $12.8 billion.

But other energy sources have also been subsidized, Senator. Hydro, for example. I think you have some in your State; we've subsidized that to the tune of about $17 billion. Coal we've subsidized to the tune of about $13 billion; oil, $124 billion. Gas, $15 billion, and electric nonnuclear, $65 billion.

Solar, we've subsidized, just in 1981 and 1982, $2 billion, and conservation, 1981 and 1982, $2.4 billion total.

And the private sector has invested about $130 to $150 billion of their money in light-water reactors.

Senator LEAHY. Have you included tax expenditures on both solar and nuclear in those figures?

Secretary EDWARDS. Yes.

Senator LEAHY. You have? Those figures do include tax expenditures? I just want to make sure I understand this correctly—those figures on nuclear do include tax expenditures?

Secretary EDWARDS. I don't want to answer that, but I'll find out and make sure. Because I can't give you the exact answer. I don't want to mislead you.

Senator LEAHY. I ask these questions because you're the expert, not me; I'm just trying to learn.

Secretary EDWARDS. Let me find out and I'll submit it for the record.

Senator LEAHY. All right.

Senator McCLURE. That will be made a part of the record when it is received.

[The information follows:]

NUCLEAR INDUSTRY SUBSIDIES

In an energy policy study entitled, "Federal Support for Nuclear Power," published by the Energy Information Administration in February 1981, EIA estimated that Federal subsidies to date to the nuclear industry totalled $12.8 billion. This estimate did not include tax incentives because the accelerated depreciation allowance is common to all energy industry capital investment, and it was, therefore, decided to exclude these amounts. The $12.8 billion estimate includes the total of items directed toward research and development of civilian fission reactors and the domestic portion of the uranium enrichment program (assumed to be one-half of the total enrichment program). These estimates are in 1979 dollars.

ADDITIONAL COMMITTEE QUESTIONS

Senator LEAHY. Mr. Chairman, I have some other questions, but I know you're running on a tight schedule.

Senator McCLURE. Thank you very much, Senator. I, too, have some questions for the record.

We'll submit those questions in writing for response in writing.

Secretary EDWARDS. We'll be happy to respond to any of those, Mr. Chairman.

Senator McClure. Thank you very much, Mr. Secretary.

[The following questions were not asked at the hearing but were submitted to the Department for response subsequent to the hearing:]

Additional Committee Questions

Question: Mr. Secretary, I stated in my opening remarks that the difference in the actual program level between 1982 and 1983 for the programs under this Subcommittee's jurisdiction is some $2.4 billion. Discounting the difference in the off-budget Strategic Petroleum Reserve's accounts, there still remains a program reduction for 1983 of nearly $800 million from the 1982 level. Considering these programs had already been reduced some $415 million between 1981 and 1982, doesn't this large reduction seem particularly excessive to you?

Answer: The budget reduction in FY 1983 represents a continuation and further refinement of the budget philosophy introduced in FY 1982. Last year, our budget request focused on redirecting Federal support away from demonstration and commercialization activities that are better handled by the private sector in favor of the more traditional and appropriate Federal role of funding longer-term, high-risk technology research and development with a potentially high payoff. In the FY 1983 budget request, this concept has been continued and further refined, particularly in the Fossil Energy and Conservation areas.

In the fossil energy program, long-term research and development intended to accelerate the development of advanced technologies will not be conducted, and almost all proof-of-concept work will be left to industry to complete. It is our belief that it is the role of the private sector, responding to free market forces, to support and accelerate technology development.

In the conservation area, the impressive evidence of increasing conservation efforts and more efficient energy use encouraged by rising energy costs has permitted a substantial curtailment in Federal conservation program funding. The Conservation grant programs, including grants to the State and local governments, are no longer necessary and are proposed for termination. Also, the results of the long-term conservation research and development program will be made available directly to the private sector, rather than being utilized by government technology applications programs serving specific end-use sectors, as was the case previously. Elimination of these technology applications programs will result in large savings.

Question: For how much was your original 1983 budget request of OMB? Does the difference between your request and what you received from OMB indicate there may be a major difference between what OMB and what DOE see as the proper and necessary role for the Federal government in energy development?

Answer: The Department's budget request of OMB for programs under the jurisdiction of the Interior and Related Agencies Subcommittee, including off-budget Strategic Petroleum Reserve oil acquisition and transportation funds, was $2,020 million. Including only on-budget items, the request to OMB was $1,224 million, compared to the Congressional budget request of $685 million. During the iterative process with OMB certain of our requests were decreased , but others were increased. It is true that the Department appealed for higher funding in particular areas, but we believe that the FY 1983 Congressional budget request for the Department of Energy supports the proper role of the Federal government in energy and represents a sensible allocation of total Federal funding while meeting the national requirements for significant reductions in the overall Federal budget.

Energy Conservation R&D

Question: You have proposed to trim the Energy Conservation budget from a 1982 program level of slightly over $386 million to just under $22 million. That is a 94% reduction. Of the $386 million, some $150 million can be classified as research related -- as opposed to energy conservation grants — and research, at the $22 million level, is essentially what is proposed for continuation in FY 1983. Is it realistic to expect the private sector to take over the bulk of this conservation research effort? Can, for example, the nation's home builders be expected to fund an ongoing R&D effort?

Answer: The proposed reductions to the energy conservation budget reflect the Administration's belief that the government's role in energy conservation should be limited to those activities which will complement activities carried on by the private sector.

The Administration believes that the private sector will take over and continue short-term, product-related research where it is economically viable. The more innovative and creative members of the building industry are expected to conduct research leading to improved and more profitable products. This, of course, is the pattern in most industries. Many home builders are small businesses that may not sponsor a great deal of research as individual companies. However, the societies and professional organizations to which they belong are expected to perform a significant research role. These include such organizations as the National Association of Homebuilders; the American Society of Heating, Refrigerating and Air Conditioning Engineers; and the American Institute of Architects.

Advanced Gas Turbine

Question: I am informed that, given today's economic climate and the long-term nature of the research, even Ford and the Garrett Corporation may not be able to continue work on the advanced gas turbine without governmental assistance. Does this mean we should abandon such research efforts until the private sector can fully support them?

Answer: The government is not abandoning research efforts, but rather is focusing its limited resources on key technological barriers. In the advanced gas turbine area, high temperature structural ceramics are the critical technology barriers. In FY 1983 ceramic materials research will be continued in the Energy Conservation Research program, with direct application to industry work on advanced gas turbines.

Conservation Research

Question: You indicate on page five of your statement that "Conservation Research activities will concentrate on fundamental research designed to build a technology base that can provide the foundation for future development of commercial products by the private sector." Yet, in reviewing your 1983 request, it appears most of the funds will be used to complete a particular phase of an ongoing research effort rather than to "build a technology base...for future development." Would you care to comment on this?

Answer: The ongoing research is itself designed to "build a technology base." Where completion of a particular phase will permit conclusion of near-term research and development while still providing essential results of the private sector, we are taking action to preclude further, unnecessary Federal research activities.

Continuation of Long-Term, High-Risk, High Payoff Fossil Energy Research and Development

Question: Similar to the Energy Conservation account, the program level for Fossil Energy Research and Development and Fossil Energy Construction has been reduced from $555 million to $106 million, a reduction of some 81%. You indicated, again on page 5, that last year's budget was "realigned to concentrate on long-term, high-risk research and development, while relying on the private sector to demonstrate and commercialize promising individual technologies and processes. In FY 1983, funds will be applied to more generic research efforts and technology base development." Can this statement be understood to mean it is no longer the role of the government to promote and assist long-term, high-risk research and development? At the risk of sounding somewhat facetious, does the 1983 budget request for fossil energy imply that most of the long-term, high-risk research is already completed? After all, no 1983 funds are requested to fund the H-Coal direct hydrogenation project, the Exxon Donor Solvent project, SRC-I, technological development of the atmospheric fluidized bed, the Bi-gas coal gasification project, and the Hygas peat gasification project, to name just a few.

Is there any concrete evidence that private industry will indeed assume an agressive R&D role in most of these areas, or will current economics likely prevent such a movement by industry? If the latter is the case, doesn't it seem as if we're "cutting off our nose to spite our face" with respect to increasing domestic energy development?

Answer: As you are aware, the Fossil Energy research and development program in FY 1983 is being redirected away from the acceleration of the development of near-term technologies and from demonstration type activities that may be viewed as being commercialization efforts to performing more generic and technology base research. Clearly it is the role of the government to promote and assist long-term, high-risk, high-payoff research. I believe that our FY 1983 Fossil Energy R&D budget will provide for a continuing program aimed at providing a core technology base that will enable the private sector to introduce new concepts into commercial use. The projects that you noted, the H-Coal direct hydrogenation, Exxon Donor Solvent, SRC-I, technological development of the atmospheric fluidized bed, Bi-gas coal gasification, and the Hygas peat gasification projects were viewed as being near-term commercialization type activities concerning proprietary technologies. The government no longer plans to support such efforts.

There is also ample evidence that the private sector is not only capable but willing to assume a share of the Fossil Energy R&D burden. A list of the private sector response has been inserted above in the hearing record. In addition, regarding the economic issues attendant to R&D research, I believe that provisions of the Economic Recovery Tax Act which form part of the Administration's Economic Recovery Program that was developed to stimulate private industry will not only contribute to the national economic recovery, but also spur Fossil Energy research and development investments. Those tax credit provisions, which expire in 1986, are expected to increase the level of R&D over the short-term, and are mainly oriented toward development with a near-term payoff.

I fully expect that those tax credit provisions together with the Administration's regulatory reform will encourage private sector investment and provide for R&D efforts that will substantially increase the pace of domestic energy development.

Proposed Consolidation of Fossil Energy Field Structure

Question: Can you share with the Committee the current thinking of the Department with respect to closing any of the five Energy Technology Centers? Can't a good case, in fact, be made to consolidate some of the activities of the ETCs, thereby being able to make some closures?

Answer: No final decision has been made as to the future shape of the Fossil Energy field structure. Recommendations on the field structure, now being prepared by Assistant Secretary Jan Mares are based on studies initiated last summer which indicated that some consolidation of the Energy Technology Centers and defederalization of the workforce was desirable in order to improve the efficiency and effectiveness of the Fossil Energy program. Until the time that I have adequately assessed the recommendations presented to me by Assistant Secretary Mares and until the Congress has the opportunity to fully consider the FY 1983 Fossil Energy budget request, all five ETCs will continue to function. The Department will continue to consult with affected Congressional delegations before a final decision is made.

Annual operating costs for the Energy Technology Centers are approximately $70 million. Expenditures of this amount under the FY 1983 budget request would leave less than $30 million for research outside the ETCs. Funding and manpower reductions in FY 1983 will require restructuring and consolidation of the Fossil Energy field organization. We are presently examining various options to realign and streamline this field structure to maximize the use of limited federal personnel in executing the program, both during the FY 1982 transition period and in the final organizational structure. Our organizational planning is based on achieving the necessary consolidation of field centers to meet FY 1983 staffing targets. Critical factors in determining the final field organization will include the size and character of program reductions as well as a judgement as to the critical staff capabilities and institutional elements that must be preserved.

Strictly on a programmatic basis, not to mention the achievement of management efficiencies, consolidation of ETC activities merits consideration. For example, the petroleum and gas research activities, principally conducted at the Bartlesville and Laramie ETCs, will be reduced from about $50 million in FY 1982 to $16 million in FY 1983. The magnitude of this programmatic reduction makes a strong case for fundamental change in the manner in which research in the petroleum and gas programs is conducted in order to derive the best possible research effort with the limited resources available. In this case, consolidation and the resultant closures, or defederalization, may be the best course for the Department to pursue.

Proposed Deferrals and Rescissions for FY 1982

Question: Mr. Secretary, will you please provide for the record a detailed list of all deferrals and rescissions that are or will be proposed for fiscal year 1982 that are directly related to reduced or terminated budget activities for fiscal year 1983. Please include the amount and timing of the deferral or rescission, the change in activity during the remainder of 1982 should the deferral or rescission be approved, and the impact the deferral or rescission will have on the 1983 programs, if any. Also indicate precisely what will be done with any deferred funds.

Answer: The following describes all deferrals and rescissions that are or will be proposed for FY 1982 and are directly related to reduced or terminated budget activities for FY 1983. All have been transmitted to the Congress except the deferral request for Fossil Energy R&D, which is planned for submittal in the President's next budget message.

The Department requested a rescission of $20,000,000 on February 5, 1982, from the Energy Conservation Appropriation. Of this amount, $14,337,000 is for the Energy Impact Assistance Program and upon approval of this rescission the discontinuace of approximately 65 grants to the local jurisdictions for site acquisition and development in FY 1982. There is no FY 1983 impact due to plans for termination of the program in FY 1982. If these funds were deferred rather than rescinded the grants mentioned above would be awarded in FY 1983. The remaining $5,663,000 is for the Federal Standby Gasoline Rationing Program which has been terminated and funds are no longer needed.

The Department has also requested deferrals in the following appropriations: On February 5, 1982 a deferral request of $4,000,000 from Energy Supply R&D - funds will not be needed until contract award in mid FY 1983 for the Ocean Energy Systems Program for the preliminary design of an OTEC Pilot Plant.

Further, a deferral request of $52,860,000 for the Strategic Petroleum Reserve will delay until FY 1983 site acquisition and the procurement of long-lead equipment funding for the development of the Big Hill site in Phase III. This one-year delay is coupled with a partial deferral in FY 1982 of $8,000,000 for Phase II contingency reserve funds.

The decision to delay Big Hill development one year will result in the award of a firm fixed-price construction contract in FY 1984 instead of FY 1983.

Deferred funds will be held in OMB Reserve for one year and then will be obligated for the originally intended purposes.

This delay will not actually affect the SPR schedule until after FY 1986 but will change completion of fill from FY 1989 to FY 1990.

A deferral for Fossil Energy R&D (forthcoming) $44,883,000 is proposed in association with orderly termination of selected activities no longer consistent with program objectives. The deferred funds will be used as the source for a proposed redirection to finance the consolidation of the Fossil Energy Field organization. The details of the proposed deferral is shown below:

Department of Energy
FY 1982 Request for Deferral
Fossil Energy Research and Development
(Dollars in Thousands)

	Presently Available B/A	Revised Estimate B/A	Proposed Deferral B/A
Coal			
Coal Liquefaction	98,784	90,459	-8,325
Combustion Systems	30,544	22,788	-7,756
Heat Engines & Heat Recovery	15,408	6,672	-8,736
Magnetohydrodynamics	21,840	19,940	-1,900
Surface Coal Gasification	53,088	46,888	-6,200
Other Coal	147,139	147,139	...
Subtotal Coal	366,803	333,886	-32,917
Petroleum			
Enhanced Oil Recovery	16,176	15,676	-500
Oil Shale	19,152	16,686	-2,466
Other Petroleum	5,587	5,587	...
Subtotal Petroleum	40,915	37,949	-2,966
Gas			
Enhanced Gas Recovery	9,154	8,154	-1,000
Subtotal FY 1982 Appropriations	416,872	379,989	-36,883
Amount Available from Prior Years	8,000	...	-8,000
Total Fossil Energy	$424,872	$379,989	$-44,883

Specific projects proposed for deferral are as follows:

Coal Liquefaction

- Terminate H-Coal pilot plant operations in November 1982 rather than in December 1982 if negotiation to transfer the pilot plant to industrial partners is successful; otherwise terminate operations in June 1982 rather than in July 1982 and dismantle pilot plant. Either of the above actions will permit the deferral of $3,000,000.
- Terminate government funding of the Exxon Donor Solvent pilot plant operations July 1, 1982. The Agency will not participate in funding operations after that time. This action will permit the deferral of $3,100,000.
- Terminate Liquid Phase Methanol PDU operations on April 1, 1982. This action will permit the deferral of $2,225,000.

Combustion Systems

- Renegotiate the contract for the PFB Combined Cycle pilot plant project at Woodridge, New Jersey, to increase the private industry cost share for construction completion and operations. This action will permit a deferral of $6,000,000.
- Terminate the PFB alternate turbine test activities. This action will permit the deferral of $700,000.
- Terminate advanced combustion technology program. This action will permit a deferral of $1,056,000.

Heat Engines & Heat Recovery

- Terminate the High Temperature Turbine Phase III development activity. This action will permit a deferral of $8,736,000 of FY 1982 funds and $8,000,000 of prior year funds.

Magnetohydrodynamics

- In order to achieve an orderly phase out of this program and ensure that no additional funding is required in FY 1983, the Administration intends to initiate program termination actions by April 1, 1982. The advanced power train development will be brought to an orderly conclusion during FY 1982 and serve as the focal point for consolidating the key technical data which may subsequently be of use to government and private industry. The CDIF and CFFF test programs will be terminated and the facilities placed in a "mothball" status. By initiating termination actions in April 1982, sufficient funds will remain from FY 1982 appropriations to fund termination liabilities and facility mothball costs and defer an additional $1,900,000.

Surface Coal Gasification

- Terminate Bi-Gas pilot plant operations on April 1, 1982, and place the facility in a "mothball" status. This action will permit the deferral of $2,500,000.
- Terminate fixed-bed gasifier activities at the Morgantown and Grand Forks Energy Technology Centers on April 1, 1982, placing the facilities in a "mothball" status. This action will permit the deferral of $500,000.
- Terminate the peat gasification work being performed in the HYGAS pilot plant and place the facility in a "protected stand-by/mothball" status. This action will permit the deferral of $100,000.
- Terminate the agglomerating fluidized-bed development effort at the Westinghouse Process Development Unit facility on April 1, 1982, and place the facility in a "mothball" status. This action will permit the deferral of $2,900,000.
- Terminate the atmospheric entrained-bed slagging gasifier (Combustion Engineering) pilot plant program on April 1, 1982, and place the facility in a "mothball" status. This action will permit the deferral of $200,000.

Enhanced Oil Recovery

- Terminate tar sand activities related to the in situ experiment of steam flooding and fire flooding process in Utah tar sand. Termination of field experimentation in tar sands permits the deferral of $500,000.

Oil Shale

- Pending Congressional approval, discontinue government participation in the Geokinetics project, thereby allowing the $1,842,000 to be proposed for deferral.
- Cancel the Program Research and Development Announcement (PRDA) for innovative Eastern shale conversion concepts. This accelerated phase down of the Eastern shales activities projects will permit the deferral of $624,000.

Enhanced Gas Recovery

- Cancel the third well on the Unconventional Gas Multiwell Project and eliminate all research dependent upon that well. Research at the site will be completed in FY 1982 with termination in FY 1983 or transfer of the project to industry. This action will permit deferral of $1,000,000.

Big Hill Deferral

Question: You mentioned in your statement that $53 million in FY 1982 funds is being proposed for deferral from the Strategic Petroleum Reserve. If I am not mistaken, I believe this deferral will result in less than planned storage facilities in 1987, thus moving the SPR 750 million barrel completion requirement from 1989 to 1990. First, what are the reasons this deferral is being requested?

Answer: The primary reason for the deferral request is the need to reduce projected spending as much as practicable. The fiscal constraints imposed by current economic conditions have made it necessary for this Administration to delay some worthwhile projects.

Question: If Congress does, in fact, go along with the deferral, isn't it likely storage development will ultimately cost more as a result of the delay?

Answer: Yes, we expect the Big Hill project to cost over $90 million more as a result of the one-year delay.

Question: Is this a prudent action at this time?

Answer: Yes, it is. The deferral will grant the economy some immediate fiscal relief. The programmatic effect of the delay will not be felt until after FY 1986. The end result will be a change from FY 1989 to FY 1990 in the completion of oil fill. As you noted, there will also be an adverse fiscal impact due to cost escalation over the additional year. However, The President's Economic Recovery Program is now beginning to have a positive effect and by the time these additional costs are due, we will better be able to afford them.

Compliance Program

Question: The Department has requested just $13.5 million for the compliance program, a reduction of 63% from the 1982 level of $36.6 million. Again this year, what assurances can you give to this Committee that this level of funding will be adequate for you to fully carry out your responsibilities under this program? What results do you expect in FY 1982 at the $36 million level and what results do you expect in FY 1983 at a somewhat reduced rate? Will the decrese in funds have a direct impact, positive or negative, on the amount of revenues collected as a result of settlement? Does it have a direct impact on the number of cases resolved during the fiscal year?

Answer: The amount requested for the compliance program in FY 1983 is fully adequate to carry out projected responsibilities under the enforcement program. Based on the results of our FY 1982 enforcement program, all field audits will be completed by year-end FY 1982 and all cases not settled will be in litigation. We anticipate that 75% of the 853 pending cases will be settled by September 30, 1982. The only audit work that may continue in FY 1983 involves special investigation cases and cases currently blocked by legal action. The resources requested for FY 1983 will be sufficient to enable us to litigate these outstanding cases, through administrative proceedings and the federal courts. The decrease in requested funding levels is a reflection of the basic change in the charter of the enforcement program reflective of a litigation-oriented workload for the period following completion of basic field audit activity.

FY 1982 and FY 1983 Staffing Levels Compared

Question: Mr. Secretary, in reviewing the current personnel situation at the Department of Energy it appears there are significantly fewer persons actually now on the job than are necessary to adequately operate the programs. Moreover, there is much concern among Congress that the personnel levels for 1983 will be even more inadequate, even at the reduced program levels. Can you comment on DOE's personnel situation for Fiscal Years 1982 and 1983?

Answer: The Department of Energy FY 1982 Budget provides for a total of 18,375 FTE's. This is about 8% less than the FY 1981 staffing level. The DOE budget outlays during this period decreased slightly about 2%. This level of staffing is considered to be adequate to carry out the various programs considering that a significant proportion of the staffing reduction was in the Economic Regulatory Administration, where the level of effort was drawing down and in the Conservation and Fossil areas where programs were reduced in light of the changing role of the Federal government.

The FY 1983 proposed staffing level is 14,541 FTE's almost 21% less than the FY 1982 level. This level of staffing is considered appropriate taking into account the reorganization the of the Department, and the large decreases in certain program budgets, particularly the labor intensive areas such as Energy Regulation, Conservation and Fossil Energy.

Manpower Morale

Question: It is well known that the morale of DOE's personnel is fairly low, particularly given the ongoing effort to eliminate many programs and projects. Are any steps being taken to counter and correct this situation?

Answer: While it is understandable that projected significant program and employment reductions adversely effect morale, it should be noted at the same time that about one-half of the Department's workforce is not experiencing reductions and we are not aware of morale problems in those areas.

With respect to those programs and activities which are involved in reductions, every effort has been made to provide employees with as much information as early as possible concerning reduction-in-force plans and proposals dealing with the reorganization of the Department. Also, we are assisting to the extent we can by referring employees in organizations which may be impacted by RIF for employment opportunities in organizational elements which may not be impacted. Additionally, we have made information available to them regarding other Federal employment opportunities.

Omnibus Territories Act of 1980 - P.L. 96-597, Sec. 604

Question: Public Law 96-597 requires the submission of a comprehensive alternate energy assessment of the insular areas by the end of this year. By early last year you had completed Phase I which merely surveyed available material and laid out a $3.9 million Phase II to assess the potential of each area. How much money did you request of the Congress in FY '82 to complete the study? How much money will you obligate in FY '82? What are you going to accomplish? What of the proposed Phase II will not be done?

Answer: No funds were appropriated by the Congress for Phase I, and the Department did not request any specific appropriation to complete the project. When this bill was signed into law, the DOE annual budget was estimated at $16.45 billion. In line with the President's Economic Recovery Program, we have substantially reduced that amount. The FY '82 budget is $13.15 billion, a reduction of $3.3 billion. We have located $300,000 from within the Departmental appropriation, and work on Phase II has begun. The Department will do whatever is possible to successfully conclude this project in a manner which will provide the basis for enhanced private sector involvement, and ultimately lead to increased energy self-sufficiency for Puerto Rico and the U.S. Territories.

The Energy Directors of the affected Pacific and Caribbean Islands, along with DOE's project managers, have identified Wind, Solar, Biomass, Hydro, and Fuel Switching (Coal), as the areas to be examined. Proportionately more funds will be assigned to these efforts in the Pacific, since the geographic area to be covered is considerably larger. The basic Phase I recommendations on which technologies to examine during Phase II, were discussed with the Energy Directors of the Pacific and Caribbean areas during their recent meetings with our project managers. It is our intention to concentrate on the most commercially feasible, near term technologies to assist the Territories in reducing the high cost of energy.

Question: What involvement and consultation have you had with the territories? We are aware that due to the limited budgets available, there have been cutbacks in the energy offices in some of the territories such as Guam. How will that affect completion of Phase II? Is there a memorandum of understanding or agreement with Interior on this study?

Answer: Officials of the Islands, particularly the Energy Directors, have been involved from the beginning. We appreciate and need their support. In fact, the Energy Directors of the Pacific Territories met in Hawaii for two days recently with DOE's project manager to discuss the final phase. The Energy Directors of the Caribbean held a similar meeting in Atlanta. It is hoped that the budget cuts that the Energy Offices have absorbed will not adversely affect the analytic effort that they will be able to devote to this project.

A comprehensive Memorandum of Understanding has been executed by the Departments of Energy and Interior to coordinate the implementation of the provisions of Sec. 604, P.L.96-597. A copy of that document is submitted for the record.

Question: Would the use of personnel and resources from agencies such as Reclamation, Geological Survey, or NOAA assist in the completion of the study? Have you raised the possibility of such assistance with Interior? What has been the response?

Answer: The Department is actively considering such sources of technical or manpower assistance. The possibility of Interior's assistance has been discussed at the staff level between DOE's Office of Intergovernmental Affairs and the Office of the Assistant Secretary for Territorial and International Affairs at DOI. No response to this request has yet been received.

Question: There are rumors of a major energy conference on territorial energy problems scheduled in June by Interior. Do we need another conference and if we do wouldn't it make more sense to complete Phase II first so you know what your options are?

Answer: The data to be gathered in this next phase of the project could be very useful to such a conference. Since the final report is due to the Congress in December, 1982, new material (beyond what was available in Phase I) will not be available until then. It therefore may be advisable to delay the conference until the Phase II Report is concluded and is available for discussion.

MEMORANDUM OF UNDERSTANDING
BETWEEN
THE DEPARTMENT OF THE INTERIOR
AND
THE DEPARTMENT OF ENERGY

I. INTRODUCTION

This Memorandum of Understanding provides for agreement between the Department of the Interior and the Department of Energy on coordinating the preparation of a comprehensive energy plan for Puerto Rico, the U.S. territories, and the Trust Territory of the Pacific Islands, as specified in the 1980 Omnibus Territories Act (the Act), P.L. 96-597, Section 604. In passing the Act, the Congress took cognizance of the crucial burden on these insular areas created by energy dependence on imported oil. Specifically, the Act provides that:

> "(c) The Secretary of Energy...shall prepare a comprehensive energy plan with emphasis on indigenous renewable sources of energy for Puerto Rico, the Virgin Islands, Guam, American Samoa, the Northern Mariana Islands, the Federated States of Micronesia, the Marshall Islands and Palau. The plan shall be prepared with the approval of the Secretary of the Interior and in cooperation with the chief executive officer of each insular area by:

(1) surveying existing sources and uses of energy:
(2) estimating future energy needs to the year 2020, giving due consideration to a range of economic development possibilities;
(3) assessing, in depth, the availability and potential for development of indigenous energy sources...
(4) assessing the mix of energy sources (including fossil fuels) and identifying those technologies that are needed to meet the projected demands for energy; and
(5) drafting long-term energy plans for such insular areas with the objective of minimizing their reliance on energy imports and making maximum use of their indigenous energy resources.

(d) The Secretary of Energy...with the approval of the Secretary of the Interior, as part of the comprehensive energy planning may demonstrate those indigenous renewable energy technologies which are determined to be most cost effective through the use of existing programs.

(e) Within two years from the date of enactment of this Act, the Secretary of Energy...shall submit the comprehensive energy plan for each insular area to the Congress.

(f) There are hereby authorized to be appropriated such sums as may be necessary to carry out the purposes of this action."

The Caribbean and Pacific insular areas for which the United States has responsibility are virtually completely dependent on imported petroleum to supply their energy needs. This dependence, coupled with the increasing cost and the uncertain availability and supply of sources of energy, is placing an increasingly severe financial burden on the local governments. Any real progress in the areas of economic, social or political development is directly affected by the dependence on imported sources of energy. For example, the Pacific Basin regional balance of payments deficit is running over $2 billion dollars annually. The island Governors list energy as the number one regional problem. Until the energy problem in the territories is satisfactorily addressed, the cost to the Federal Government of maintaining economic viability of the insular areas will continue to rise and contribute to the overall inflation in this country.

The territories, the Trust Territory, and Puerto Rico are endowed with a variety of renewable resources of energy which could serve as alternatives to petroleum. The appropriate technologies to develop these alternatives are presently available. However, attempts to solve the energy problems to date, have been piecemeal and often based on what immediate solutions are available rather than what is needed for long-term resolution of the problem.

There has been considerable interaction between the Department of the Interior and the Department of Energy regarding program implementation but, beyond informal discussion of the program goals as outlined in Section 604 of P.L. 96-597, a detailed approach for coordination of cooperative efforts specifically related to agency roles and review, concurrence and approval of documents by the Department of the Interior has not been developed.

II. Purpose of This Agreement

The purpose of this Agreement is to coordinate the implementation of the provisions of Section 604 P.L. 96-586 between the Department of Energy (DOE) and the Department of Interior (DOI). DOE and DOI recognize the importance of including local government interests and participation in the development of individual energy plans to be incorporated into the comprehensive plan. The goals of this participation shall be the acceptance of and commitment to the plans by the local governments and the development of local capabilities for conducting future energy assessments.

III. General Areas of Agreement

The significant parties, hereinafter referred to as CIPA (Congressional, Intergovernmental and Public Affairs, Department of Energy) and TIA (Office of Territorial and International Affairs, Department of the Interior), agree to:

1. Cooperate in the development of a comprehensive energy plan.

2. Facilitate the maximum participation of the Chief executives of the insular areas or their designees in the decisionmaking process and the preparation of the comprehensive energy plans.

3. Coordinate, among other things, territorial strategies and budgetary allocations officially at headquarters through DOE's Assistant Secretary for CIPA and DOI's Assistant Secretary for TIA.

4. Ensure that the appropriate field personnel (i.e., DOE's San Francisco and Savannah River Operations Office staff, and DOI's designated personnel) coordinate their activities related to the implementation of this Agreement.

IV. Implementation Guidelines

The Department of the Interior and the Department of Energy shall assume the following roles during implementation of Section 604 of P.L. 96-597:

A. DOE

1. Provide leadership in the implementation of Section 604 of P.L. 96-597.

2. Prepare a comprehensive energy plan for the territories, the Trust Territory, and Puerto Rico.

3. Act as the focal point for Congressional, insular, and Federal agency representatives relative to the preparation of the comprehensive energy plan.

4. Allocate monetary and personnel resources for preparation of a comprehensive energy plan.

5. Prepare in cooperation with and present to TIA for review and concurrence the following documents:

- Work Plan and Overall Strategy
- Phase I Report
- Draft of Final Report

6. Present the final comprehensive energy plan to TIA for approval

7. Present the final comprehensive energy plan to Congress.

B. TIA

1. Provide ongoing DOI perspective and input on the operational aspects of the project to DOE San Francisco and Savannah River Operations Offices through DOI representatives.

2. Make existing information that is in its custody related to energy development in the territories and the Trust Territory available to DOE.

3. When mutually agreeable, contribute monetary and personnel resources for implementation of Section 604 of P.L. 96-597.

4. Provide review and concurrence of the following documents within the noted time frames:

- Work Plan and Overall Strategy - 30 days from the date of submission for review
- Phase I Report - 30 days from the date of submission for review
- Draft of Final Report - 30 days from the date of submission for review.

5. Participate in the mid-project on-site review for each insular area:

- Provide review and analysis of project implementation
- Offer technical assistance, where appropriate.

6. Review and approve final comprehensive energy plan (30 days for review and approval from date of submission).

V. Program Funding

The details of the level of support to be furnished by each agency with respect to funding will be developed in specific interagency agreements.

VI. Management Arrangements

This Memorandum of Understanding envisages direct communitcation between DOE and DOI program officials involved in managing the performance of cooperative work. Program or project plans with appropriate detail will serve as program or project documentation and will set forth the specific arrangements under which program implementation will take place. Such management arrangements will clearly set forth the decision and delegation levels considered appropriate for each project and clearly describe the management and reporting coordination processes between DOE and DOI.

VII. Public Information Coordination

Except for requests made under the Freedom of Information Act (5 U.S.C., Section 552), arrangements for timely release of information to the public regarding the program implemented under this Memorandum of Understanding will be the result of mutual agreement between the Department of the Interior and Department of Energy Program Coordinators.

VIII. Amendment and Termination

A. This Memorandum of Understanding will be reviewed annually by the Department of the Interior and Department of Energy to determine whether it should be continued, modified, or terminated.

B. This Memorandum of Understanding may be terminated or amended by Energy. A minimum of 90 days advance written notice of proposed termination will be provided.

C. This Memorandum of Understanding will terminate on December 30, 1982, unless terminated earlier or extended by action of the signatories.

IX. Effective Date

This Memorandum of Understanding is effective when signed by all parties listed below.

Robert C. Odle, Jr.
Robert C. Odle, Jr.
Assistant Secretary for
Congressional, Intergovernmental
and Public Affairs
Department of Energy

June 4, 1981
DATE

Billy Lee Hart
Billy Lee Hart
Acting Deputy Assistant Secretary
Operations
Territorial and International Affairs
Department of the Interior

June 17, 1981
DATE

QUESTIONS SUBMITTED BY SENATOR ROBERT C. BYRD

Reorganization

Question: There have been a number of informal reports that the Administration has backed away from its proposal to abolish the Department of Energy. What is the Administration's present position with respect to reorganization of energy programs?

Answer: The Administration has had no change of plans with respect to reorganization of Federal energy programs. A legislative proposal to accomplish this objective is currently being developed.

Question: When will this plan be delivered to Congress formally?

Answer: A specific date cannot be provided, however, the plan is nearing completion and the President is expected to forward it to the Congress in a matter of days.

Question: What are the proposed personnel and dollar savings attributable to the energy reorganization plan?

Answer: The fiscal 1983 budget for energy programs reflects both the reorganization of Federal energy programs and energy policy and programmatic adjustments. In preparing the staffing and support funding requests in the budget, estimates were made of the resources needed to support the total program in the budget. Specific savings resulting from reorganization per se cannot be separated from savings resulting from reductions in program activities, redirection of policy initiatives, overhead adjustments to reflect proposed program levels, and improvements expected in productivity and efficiency of operations. The funding and staffing levels for energy-related activities contained in the President's Budget for fiscal year 1983 reflect all of the above actions including reorganization.

Question: What kind of signal does the proposed dissolution of DOE send to the rest of the world?

Answer: The signals which the United States sends to the rest of the world concerning energy are more likely to be determined by energy policies and the actions taken to implement them, than by the manner in which those activities are organized. Our commitment to maintenance of an adequate Strategic Petroleum reserve, continued participation in the International Energy Agency and cooperation with our allies, and reliance on the free market to increase energy production and encourage energy conservation are clear. These efforts will continue to have the organizational support they require under the proposed energy reorganization plan. The signal sent to the rest of the world is that the United States views energy as an integral part of economic activity with significant implications in terms of our dependence on imported oil, and that we are committed to implementing policies based on this view through the efficient and effective organization of government programs.

Question: Do you believe that a petroleum supply interruption is any less likely now than it was in the 1970s?

Answer: No. There is no reason to believe that supply disruptions are less likely now than in the 1970s. The Persian Gulf remains both unstable and insecure. At this moment the effects of supply disruptions might be somewhat muted by the world "oil glut" but this is probably a temporary phenomenon. Economic recovery here and in Europe could easily reverse this situation and return us to "tight markets."

Emergency Preparedness

Question: I believe the present Administration has done an admirable job to date in filling the Strategic Petroleum Reserve, but what else has been done to protect the United States from the next petroleum supply interruption, or to better manage the shortfall?

Answer: In addition to developing and filling the SPR, refining procedures for determining SPR use and managing its drawdown and distribution, we are undertaking the following:

- o Promoting private oil stockpiles through market reliance as well as examining ways to provide incentives or remove disincentives for industry to stockpile oil.
- o Fostering a closer Government-industry partnership and promoting public understanding of the need for energy emergency preparations through improved communications and information dissemination.
- o Reactivating the executive manpower reserves to strengthen the industry-government partnership to prepare for and manage future energy emergencies.
- o Assessing ways to facilitate surge oil production, specifically from the Naval Petroleum Reserve.
- o Studying monetary and fiscal policies to offset effects of price increases during a severe supply disruption.
- o Mitigating or removing regulatory, environmental, technical and economic barriers to efficient energy use during emergencies.
- o Providing accurate/timely assessments of energy markets/conditions, including an "early warning" data system that will identify significant trends so we can assess impacts and respond quickly.

Question: What is the Administration's plan to deal with a 20 percent petroleum shortfall, should such an event occur?

Answer: Past experience with petroleum supply disruptions and with government intervention in the market clearly indicates that the best policy for dealing with supply emergencies is to be prepared in advance and to continue to rely on the market to allocate supplies. The most effective means of advance preparation is to develop the Strategic Petroleum Reserve as rapidly as economically feasible and to pursue policies that will encourage, rather than discourage, the private sector to develop adequate levels of oil stocks and other self-insurance mechanisms. The Administration is vigorously pursuing these emergency preparedness programs and believes that this approach, rather than intervening in petroleum markets after an emergency has begun, is the most effective approach for dealing with petroleum supply disruptions of any size. Internationally, the agreement on an International Energy Program (IEP) provides a basis for reducing uncertainties and conflicts among key consuming countries in dealing with supply disruptions.

It is DOE's position that it is neither practicable nor desirable to prepare in advance a comprehensive response plan with specific predetermined triggers and detailed measures that are cast in concrete. Therefore, in most cases we do not intend to have specific plans as such, but are continuing to evolve our approaches to various types of problems. Specifically:

- -- Any potential for surge oil production is currently under study.
- -- There is a current plan for distribution of SPR volumes; major projects reviewing policy and mechanics of SPR volume distribution are underway.
- -- The Federal Government does not intend to intervene in acquisition and consumption of private oil stocks, since the potential for such government action is the worst disincentive to creation of such stockpiles.
- -- Other than for severe national emergencies, the Federal Government does not intend to allocate crude oil and petroleum products and no such statutory authority is required.

- -- Demand restraint in a shortage situation is unnecessary; the free market price will serve to allocate supplies of petroleum products and other fuels in the most efficient manner.
- -- The Federal Government is moving as quickly as possible to build adequate supplies of crude oil in the SPR.
- -- National involvement in the IEA and the precise mechanism for implementing the IEP are the subject of continuing review to refine and improve those programs.

Fuels Conversion Program

Question: Mr. Secretary, in the statement of the managers accompanying the fiscal year 1982 conference report appears the following directive:

"The managers agree that $5 million for the coal conversion program is for the completion of outstanding prohibition orders and the processing of prohibition orders for additional plants ... The program is to be maintained at no less than current staff levels along with funds for outside contractors necessary to help in the expeditious processing of new prohibition orders."

Mr. Secretary, I note that there is no request in the fiscal year 1983 budget for the Fuels Conversion program. Do you expect to complete all of your work presently underway before September 30, 1982, and is it not possible that additional prohibition orders will be issued that will require work in fiscal year 1983?

Answer: We expect to make substantial progress towards completing the work currently underway. The recent amendments to the Fuels Use Act permit us to pursue only voluntary conversions, and it is difficult to estimate how many "requests" for prohibition orders we might receive during the remainder of FY 1982. Many utilities that had DOE proposed orders at one time are now proceeding with conversions without DOE prohibition orders. As long as essential functions remain to be accomplished sufficient resources will be allocated and, to the extent that it may be necessary, budget adjustments would be proposed.

Question: At the time the statement of the managers was written I believe you had 59 employees in this program. How many employees are allocated to this program at the present time?

Answer: Fifty-five employees are working in the Fuels Conversion program at this time.

Question: If additional prohibition orders are issued this year, will the Administration submit an amended budget request for additional funds to continue this program in fiscal year 1983?

Answer: The Department will propose a budget adjustment if essential work under the Fuel Use Act remains to be completed at the end of FY 1982.

Coal

Question: The Fossil Energy Budget of $106.9 million for fiscal year 1983 is only 25 percent of the appropriation for the present year. Why aren't we doing more to promote use and export of our plentiful domestic coal reserves?

Answer: The Department of Energy has been active in promoting the use of coal both domestically and internationally. The Administration has recognized that the abundance of coal in the United States makes it one of the nation's strategic resources both in terms of energy and economics. DOE's Fossil Energy research and development activities have historically supported the expansion of the use of coal through its efforts in 1) development of advanced technologies to upgrade the quality of U.S. coals to distillate fuel levels; 2) continuation of advanced flue gas and gas stream cleanup projects; 3) development of atmospheric and pressurized fluidized bed combustion systems; 4) support of heat engine and fuel cell R&D; 5) support of promising coal liquefaction and gasification projects; and 6) support of advanced mining R&D projects. In FY 1983, the Fossil Energy R&D program will continue to support long-term, high-risk R&D while emphasizing more generic and technology base research. These research programs will provide the necessary underpinning to allow the private sector to pursue the commercialization of new technologies.

With regard to the export of coal, DOE has hosted in the past year official delegations from seven nations to discuss the expansion of coal trade. DOE has been active within the International Energy Agency (IEA) with respect to coal and in particular, steam coal. Coal exports in 1979 amounted to approximately 67 million short tons. In 1980 these exports increased to 94 million short tons. For 1981, exports were expected to exceed 100 million short tons. The Administration has moved to assure that this rate of increase will continue. In July of 1981, the Administration issued a coal export policy statement which underlined its commitment not to interrupt coal trade under contractual agreement unless it was forced to by a severe national emergency. This will serve to assure foreign trade partners that the U.S. will provide them with a dependable source of supply.

The private sector has moved vigorously in this market. Improvements in coal handling and loading facilities at U.S. ports are underway at 35 separate locations. By 1985, these facilities will be able to handle more than 230 million tons of coal exports. This represents an increase of almost 90 million tons of export capacity over what is currently available. Additional investments are being made in mining, inland transportation, ocean transportation facilities, and port deepenings.

This significant private sector response is playing a major role in determining the role that government should take in the coal export area. The Administration has proposed legislation to recover, through user's fees, the costs of port and channel improvements. The Administration is also encouraging foreign participation in the improvement of facilities. In addition, the Coal Interagency Working Group is examining approaches to reduce the delays in facility and systems improvements created by existing Federal regulations and permit issuance requirements. The Administration has also brought together interested parties to discuss solutions to potential problems associated with coal exports. DOE co-sponsored a study conducted by the Western Governor's Policy Office (WESTPO) related to the future of western coal exports to nations in the Pacific Basin. This study effort brought together representatives of Federal and state government, and the private sector. It established an awareness, in both the U.S. and the Pacific Basin countries, of the opportunities and challenges inherent in the export of coal.

Question: Are you suggesting that federal research in coal conversion, coal combustion, mining productivity, and enhanced oil and gas recovery will not stimulate greater domestic production?

Answer: The efforts that DOE has either completed or have underway in the Fossil Energy R&D program will, in all probability, lead to greater domestic production and subsequent use of U.S. oil, gas, and coal reserves. During the past year, DOE has carefully reviewed and reoriented its R&D programs to place greater emphasis on generic technology base development concentrating on long-term, high-risk, high-payoff research and development type activities. Technologies that are more proprietary in nature and closer to commercialization are being deemphasized in terms of government involvement and we expect the private sector will continue their development. I do not believe, given this balance of government and private sector involvement, that the reduced level of direct federal funding of Fossil Energy R&D implies a reduction of domestic energy production.

Additionally, I would like to note that the Administration's Economic Recovery Program, part of which is being implemented by the Economic Recovery Tax Act, contains tax credits that are expected to increase private sector support of Fossil Energy R&D in the near term.

Question: Given the present high rate of interest, the decreasing price of oil, the fact that even in good times industry is oriented toward research and development which can begin to make a financial return to the company within five years, and the fact that the magnitude of the reductions proposed in Fossil Energy is far greater than industry is prepared to absorb on its own on such short notice, isn't this Administration simply abandoning its greatest domestic resource, coal?

Answer: The Administration is certainly not abandoning coal as a domestic energy resource. As I have indicated previously, the Administration is fully supportive of the coal export program. We are reviewing the permitting delays in the coal facility upgrading efforts currently underway. We have actively supported R&D activities designed to permit the use of high sulfur coals through both coal preparation and coal combustion research. In addition, we are also supporting coal liquefaction and gasification projects. The Administration has evidence that the private sector is willing to assume a share of the Fossil Energy R&D burden, and I have agreed earlier to provide a listing of such projects for the record. In addition, regarding the economic issues that you raised attendant to R&D research, I believe that provisions of the Economic Recovery Tax Act which form part of the Administration's Economic Recovery Program that was developed to stimulate private industry will not only contribute to the national economic recovery, but also spur Fossil Energy research and development investments. Those tax credit provisions, which expire in 1986, are expected to increase the level of R&D over the short-term and are mainly oriented toward development with a near-term payoff.

I fully expect that those tax credit provisions together with the Administration's regulatory reform will encourage private sector investment and provide for R&D efforts that will substantially increase the pace of domestic energy development. Coal will certainly play a significant role in any increase in domestic energy R&D and production.

Question: Mr. Secretary, what was your budget request to the President for Fossil Energy programs for fiscal year 1983?

Answser: The Fossil Energy revised request to OMB was $305 million for FY 1983.

Question: When the Office of Management and Budget proposed a substantially lower number, didn't you appeal these reductions all the way to the President?

Answer: Yes, in a letter dated November 24, 1981, I appealed to OMB Director Stockman to restore the Fossil Energy budget to its original request and later met with the President to discuss the appeal issue.

Question: So, in fact, you did support a stronger Fossil Energy research and development program than the one included in the President's budget.

Answer: My letter of November 24 reflected my concern at that time, which was to ensure an appropriate Fossil program in FY 1983. During the subsequent development of the FY 1983 budget, the Department and OMB worked jointly to accomplish that goal while concurrently meeting the national need to achieve significant reductions in the federal budget. While it is true that I was distressed by the original OMB passback, I am now well satisfied that the Fossil program which we are proposing, one which we carefully structured together with OMB, represents the proper balance between federal and private obligations. The DOE program emphasizes long-term core technology research and development. Commercialization of near-term technologies is left to the private sector to realize based on the economics of the marketplace. It is my opinion that this program now represents the proper mix of responsibilities appropriate to the federal sector and to the private sector.

Question: Approximately two weeks ago, Assistant Secretary for Fossil Energy, Mr. Mares, informed my office that he planned to close the three Western Energy Technology Centers in fiscal year 1983 and continue to operate the two Eastern Centers at Morgantown and Pittsburgh at a reduced level. After the Assistant Secretary briefed several members of Congress on his plans, he was prevented from issuing a press release on the planned closures. What is the Department's present plan with respect to the five Fossil Energy Technology Centers?

Answer: As of this date a final decision has not been made concerning the Fossil Energy field organization. Assistant Secretary Mares is currently preparing recommendations on the field structure in relation to the reductions proposed in the FY 1983 budget request of $107 million. The Assistant Secretary for Fossil Energy is working with studies which indicate that some consolidation of the Energy Technology Centers and defederalization of the workforce will improve the efficiency and effectiveness of the Fossil Energy research program. Until such time that I have sufficiently assessed the recommendations formulated by Mr. Mares on the future field organization for Fossil Energy and until the Congress has signaled some direction on the FY 1983 Fossil Energy budget request, all five ETC's will continue to operate. The Department will consult with and inform the affected Congressional delegations before a final decision is made on this matter.

Question: Mr. Secretary, is it possible to operate all five Energy Technology Centers within the $106.9 million request for Fossil Energy in fiscal year 1983?

Answer: The Department believes a meaningful Fossil Energy research and development program cannot be conducted with the FY 1983 budget request of $106.9 million assuming the operation of all five Energy Technology Centers. This is due to the fact that annual operating costs, which includes such items as facilities and personnel, are approximately $70 million. Expenditures of $70 million in FY 1983 to operate the ETC's would provide about $30 million for fossil energy related research outside these technology centers. This is too large a percentage of the total budget request to devote to support the existing field organization if meaningful research is also to be conducted by universities, national laboratories and industrial contractors.

The Assistant Secretary for Fossil Energy is examining options to realign and streamline the existing Fossil Energy field structure in order to maximize the utilization of limited federal personnel resources requested in FY 1983. The magnitude of programmatic reductions from the FY 1982 appropriation of $417 million to the FY 1983 request of $107 milion argues for a reduction in the number of field centers and consolidation of their activities. The size and character of the programmatic reductions proposed as well as reasoned judgment concerning staff functions that must remain in federal hands will determine the forthcoming proposal for any change in the Fossil Energy field structure. Initial reaction, however, is that the $107 million FY 1983 budget request spreads the resources on too broad a base to retain all five centers.

Question: Mr. Secretary, would you supply for the record the fiscal year 1982 operating plans for each of these centers, indicating the dollar and personnel resources allocated to each center and the specific missions of each center.

Answer: The operating expenses in the current financial plan and full-time equivalent personnel resources available to the Energy Technology Centers in FY 1982 follows:

	($ in Thousands)	Full-Time Equivalents		
	Funding	Full-Time	Other	Total
Bartlesville ETC	$ 10,466	123	18	141
Grand Forks ETC	6,002	56	18	74
Laramie ETC	19,641	115	21	136
Morgantown ETC	67,550	183	11	194
Pittsburgh ETC[a/]	71,490	301	24	325
TOTAL	$175,149	778	92	870

a/ Includes Pittsburgh Mining Technology Center, Coal Preparation and Analysis Laboratory, and Carbondale Mining Technology Center in addition to the Pittsburgh Energy Technology Center.

With regard to the missions of each of the ETC's, Fossil Energy has made lead mission assignments and transferred technical and managerial supervision of R&D activities to field organizations while retaining program management at Headquarters. The net integrated effect is that Headquarters pursues the program development function which includes policy formulation and the field performs project execution consistent with the program guidelines and policy developed by Headquarters. The main purposes of lead mission assignments are to: 1) improve the utilization of the Department's technical and managerial personnel; 2) provide a technical focus, center of expertise, and program continuity within DOE/FE; 3) provide a central point for integration of various sub-programs and work elements common to the lead mission including the integration of cross-cutting technologies; and 4) provide for the development and maintenance of a mission technology data base.

Lead mission responsibilities that have been delegated to the ETC's for various activities and projects are:

Bartlesville ETC - Internal Combustion Engine Research
- Coal Liquid Fuel/Diesel Engine Operating Compatibility
- Advanced Process Technology - Petroleum
- Drilling and Offshore Technology - Petroleum
- Enhanced Oil Recovery

Grand Forks ETC - Applications for Low-Rank Coals

Laramie ETC - In Situ Coal Gasification
- Tar Sands
- Oil Shale

Morgantown ETC - Gas Stream Cleanup and Flue Gas Desulfurization (AECT)
- Component Development for Coal Conversion/Utilization Processes
- Fluidized-Bed Combustion
- Combined-Cycle Component Integration
- Surface Coal Gasification
- Unconventional Gas Recovery

Pittsburgh ETC - Direct Utilization (AR&TD)
- Coal Liquefaction (Direct-Indirect)
- Coal-Oil Mixtures
- MHD Combustion

Pittsburgh MTC - Underground Coal Mining

Carbondale METC - Surface Coal Mining

Coal Preparation - Coal Preparation and Analysis Lab

DEPARTMENT OF THE INTERIOR

SECRETARY OF THE INTERIOR

STATEMENT OF HON. JAMES G. WATT

ACCOMPANIED BY:

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PREPARED STATEMENT

Senator McCLURE. We will now turn to the Secretary of the Interior.

The fiscal year 1983 budget request for the Department of the Interior, excluding the Bureau of Reclamation, which is not under the jurisdiction of this subcommittee, is some $3,515,000,000, a decrease of over $49 million from the fiscal year 1982 level of $3,564,000,000.

These figures also do not include the so-called uncontrollable permanent appropriations, which increased by $215.9 million over the fiscal year 1982 level.

Secretary Watt, welcome again before this committee. You may introduce those who have joined you at the table, and who may be presenting some testimony this morning, and proceed to highlight your statement as you see fit.

Your full written statement will, of course, appear in the record at this point.

[The statement follows:]

STATEMENT OF JAMES G. WATT

I am pleased to appear before you today in support of the President's FY 1983 budget for the Department of the Interior programs.

The 1983 request for the Department of the Interior totals $6.025 billion, an increase of $293 million over the comparable 1982 estimate, which excludes fire supplementals and contract authority for the National Park Service. For Interior programs under the purview of this Subcommittee -- that is, excluding the Bureau of Reclamation -- the 1983 budget request totals $5.074 billion, an increase of $113 million above the comparable 1982 level.

Receipts which offset budget authority for Interior are expected to increase from $2.412 billion in 1982 to $2.498 billion in 1983, leaving a net 1983 budget authority request of $3.527 billion. Additional receipts of $18 billion will be generated from oil and gas leasing on the Outer Continental Shelf, compared to projected revenue of $7.9 billion in 1982 from this program.

Overall, the 1983 budget for Interior programs increases funding for energy leasing, improving the Department's royalty management system, restoring and improving National Park facilities and wildlife refuges, and water project operation and construction. Increases are also included in 1983 for State revenue sharing payments made possible principally from growing mineral receipts, and for State regulatory and reclamation grants in the Office of Surface Mining.

Increases in the 1983 budget are partially offset by reductions reflecting the streamlining of regulatory and administrative activities and improved management of the public lands, a shift from Federal to State emphasis in surface mining programs, decreases in the land acquisition program, and elimination of Urban Park and Recreation Rehabilitation grants and Historic Preservation grants.

Accomplishments of Last Year

Before getting into the specifics of the FY 1983 budget for Interior programs, I would like to talk briefly about what we have accomplished during the past year. In my view, it has been an extraordinary first year for the Administration and, with the counsel and assistance of this Committee, we have made tremendous progress toward improving the management of our Nation's valuable natural resources.

When I took office in January 1981, I saw that change was needed. Facilities in the National Parks had been deteriorating and our multiple-use lands had not been managed properly. Although our public lands have the potential for meeting our energy and strategic minerals needs, we were still relying on foreign sources for much of our crude oil and strategic minerals.

Recognizing these problems, I have worked to bring about change in a number of areas. For example, I have taken steps to:

- o Enhance America's ability to meet our energy and minerals needs with domestic resources, while continuing to provide adequate environmental safeguards;
- o Restore, improve, and preserve our National Parks;
- o Improve State and local relationships with the Federal Government through a "good neighbor" policy;
- o Promote the development of the economic and social resources of Indian tribes and Territories under U.S. Administration; and
- o Bring better government through good management and decisive leadership.

Some of our achievements in the energy area include developing a streamlined five-year program for leasing the energy reserves of the Outer Continental Shelf; increasing the number of onshore oil and gas leases issued and acres leased; opening up oil and gas leasing in Alaska, both within and outside of the National Petroleum Reserve; increasing acreage leased and tonnage sold in the coal program; expediting geothermal leasing and development; and moving ahead to establish a permanent oil shale leasing program and a tar sands leasing program. With regard to minerals, we have initiated development of a new OCS hardrock mineral leasing program.

In our National Park System, we have, for example, more than doubled the funding level requested by the previous Administration to begin correcting the serious health and safety problems cited in a General Accounting Office Study; instituted a near-moratorium on adding new units to the park system until needed work in existing parks can be accomplished and previous acquisitions paid for; and encouraged a new partnership with the private sector to improve visitor services.

During the past year, we implemented our "good neighbor" policy. The Sagebrush Rebellion has been defused. We accomplished this, in part, by returning to the States primary authority to allocate water resources; authorizing the transfer, exchange, or sale of thousands of acres of Federal lands to State and local governments; and enhancing public access to Federal lands. We achieved success in revitalizing efforts to honor States' rightful claims for Federal lands which they were granted upon entering the Union. The reorganization of the Office of Surface Mining ensures that coal-producing States will have primary authority for enforcing surface mining regulations, as Congress spelled out in the Surface Mining Act. We also implemented a new range management policy which, together with the reform of grazing and land use planning regulations, puts taxpayer dollars into those categories of rangeland where the need is greatest and the return to the public is highest. In addition, we made record payments to State and local governments in the form of shared revenues from energy production and sales of public land resources, and established a new Departmental program to collect delinquent oil and gas royalties and share them on a timely basis with the States in which they were earned from Federal lands.

During our first 12 months, we have worked closely with Indian tribal groups and their elected leadership to provide Indian peoples with adequate means to conduct their own affairs to their satisfaction.

During the past year, we made significant progress in improving the management of the Department, in part by completing a major investigation into allegations of waste and revenue loss resulting from oil and gas royalties; creating a new Minerals Management Service to improve the management of the oil and gas royalties accounting and collection system; reducing administrative expenses by reorganizing the Office of Surface Mining; and eliminating other Departmental functions that were no longer needed. We merged the Heritage Conservation and Recreation Service with the National Park Service. We raised the oil and gas filing fee first from $10 to $25 and then to $75. We also undertook a major program of regulatory reform and took steps to streamline Interior's energy and mineral leasing procedures, water development planning, and the Environmental Impact Statement process. I have streamlined the permit license review process to focus only on significant impacts to species of high Federal interest.

It has been a good year for the Department of the Interior and for the Nation, and it has been most gratifying to me that the Congress has supported the changes of policy and direction that we have initiated. I look forward with anticipation to the coming year and believe the 1983 budget we are proposing builds on our accomplishments of the past year.

Energy Leasing

As I have indicated, one of the Department's highest priorities is to accelerate and streamline its energy leasing activities and encourage the development of the Nation's energy resources in order to strenghthen the economy, increase Federal revenue, and reduce our dependence on foreign sources of energy. Operating primarily through the Bureau of Land Management and the newly created Minerals Management Service, many of the Department's major programs are conducted to enhance the leasing and development of oil, gas, coal, and geothermal resources and to move ahead with the development of oil shale and tar sands resources. The 1983 budget includes $201 million for energy leasing.

I am particularly enthusiastic about the new Minerals Management Service which I created by Secretarial Order on January 19, 1982, to seek greatly improved collection of royalties from mineral leases on Federal and Indian lands. The basis of the new Service, which reports directly to the Minerals Management Board chaired by the Under Secretary, is the former Conservation Division of the Geological Survey. This elevated status ensures greater visibility for the Service's efforts to further tighten site inspections, site security, and auditing and accounting procedures governing Federal and Indian mineral leases. The move will also allow the Geological Survey to focus on geologic research, water resource investigations, topographic mapping, and remote sensing, all areas in which the Survey has an international reputation and scientific excellence.

The 1983 budget assumes implementation of plans to accelerate and streamline oil and gas leasing on the Outer Continental Shelf as reflected by my proposed five-year schedule. I believe that this is one of the Administration's most important economic and energy proposals. Its objective is to accelerate the inventorying of domestic oil and gas resources and, if discoveries are made, to make them available to U.S. consumers earlier. Moreover, the OCS program brings in significant revenue to the Federal Government. In fact, receipts have increased dramatically, from only $2.2 billion in 1978 to $10.1 billion in 1981, the first year of the Reagan Administration. We estimate receipts of $18 billion in 1983. Funding increases totalling nearly $6 million will be used to support 9 scheduled sales as well as for environmental studies and area-wide oil and gas resource analysis. The extraordinary safety record of the OCS activities will be maintained as we accelerate the program.

In addition to developing our offshore oil and gas resources, we are also emphasizing the development of onshore oil and gas. Growing interest on the part of industry in onshore oil and gas leasing and the Department's efforts to accelerate its work in this area are reflected by the increased revenue which is being generated from this activity. Since 1978, receipts from oil and gas leasing on the public lands have grown from about $340 million to more than $1 billion per year projected for 1982 and 1983. The impact of increasing the filing fee to $75 will also be felt in 1983, with fees expected to grow from $44 million in 1981 to $131 million in 1982 and $188 million in 1983. We are currently studying the impact of raising royalties from 1/8 to 1/6 in the noncompetitive oil and gas leasing program. As we increase access to the public lands and increase production, we want to be certain that the Federal Government receives its fair share.

In 1983 we will focus on reducing the backlog of lease applications in the onshore oil and gas program. The Department is also proceeding with oil and gas leasing in Alaska, both within and outside of the National Petroleum Reserve. The first planned sale in the NPR-A was held on January 27, with a second sale scheduled for this spring. Efforts being initiated in 1982 will continue in 1983 with regard to the leasing of oil and gas on Federal lands in Alaska which had been closed for this purpose prior to the passage of the Alaska National Interest Lands Conservation Act. A $5 million increase is included in 1983 for the Department's onshore oil and gas program.

The budget for the newly established Minerals Management Service totals $128.5 million, and will receive priority consideration for necessary added funding as required in the months ahead.

Expanded coal production continues to be a major priority of the Department. In fact, annual coal production on Federal lands has increased from 10.1 million tons, or 1.8 percent of national production in calendar year 1971, to 69.1 million tons, or 8.3 percent of national production, in calendar year 1980. The latest estimate for calendar year 1981 is a production level totalling about 95 million tons. Revenue from coal leasing has also increased significantly, from $11.9 million in 1978 to a projected $90.4 million in 1982 and $109.5 million in 1983.

The coal leasing schedule provides for holding two lease sales in 1983 in Fort Union, North Dakota, and the San Juan River in New Mexico. Efforts to streamline activities in the program and make it more efficient have resulted in budgetary savings of nearly $10 million in 1983. For example, we plan to conduct fewer technical investigations and to defer some lower priority inventory work. There will also be less need for pre-lease government drilling in 1983 because we will use existing data as the basis for fair market value determinations. We also anticipate a reduction in workload associated with the review of mine plans.

In 1983, we anticipate increased activity regarding the development of geothermal resources, primarily because of recent Departmental policy decisions setting time limits for processing noncompetitive lease applications, holding competitive lease sales for all unleased known geothermal resource areas and implementing a simultaneous leasing procedure which allows relinquished leases to be reoffered. Additional funds in 1983 will be used to issue more simultaneous noncompetitive leases and to expand post-lease activities.

For 1983, we will continue work on the prototype oil shale leasing program and establish a permanent oil shale leasing program. The first prototype oil shale leases since 1974 are proposed to be issued in 1983 and the first lease sale under the permanent program is scheduled to be held in March 1984. We will also continue our work on a tar sands leasing program with the objective of holding the first lease sale early in 1984.

Minerals Programs

The proposed budget for the Bureau of Mines includes $2.6 million in increased funding for research to improve the recovery and conservation of critical and strategic minerals such as chromium, cobalt, nickel, and tungsten. Another increase of $1.3 million is included for the U.S. Geological Survey's mineral resource surveys for an accelerated program of geologic research to assist in the identification and delineation of new deposits of these minerals.

An $8.2 million reduction is proposed for the Bureau of Mines' minerals health and safety technology program as we shift our research emphasis toward high risk areas with long-term payoffs. A $4.2 million reduction is also proposed for the minerals environmental technology program.

With regard to the Bureau of Mines, on February 1, I issued three Secretarial Orders which generally reorganized the Bureau and transferred the Mined Lands Demonstration and Reclamation Projects function from Mines to the Office of Surface Mining. In keeping with the Congressional mandate in the FY 1982 Appropriation Act, I also transferred the Minerals Institutes program from the Office of Surface Mining to the Bureau of Mines. However, we are proposing to terminate grant funding for the Institutes in 1983, because they are not uniquely Federal and other sources of public and private support should be available to them.

Parks, Recreation, Historic Preservation

We are also taking steps to protect and improve our National Parks through our Park Restoration and Improvement program. For example, in 1983, I am requesting $191 million for the National Park Restoration and Improvement program to continue to correct major deficiencies in Park facilities and address serious preservation problems. We are doing this in response to reports by the General Accounting Office, an arm of the Congress, that outline serious problems and deficiencies. For example, GAO has estimated in its report of October 10, 1980, that $1.6 billion in health, safety, and other deficiencies exist in Park Service facilities.

For FY 1982, I initially asked for $105 million over the $87.3 million requested by the previous Administration for Park restoration and improvement. In September 1981, the President reduced the FY 1982 request to $92.4 million, as part of an overall budget reduction. Congress appropriated $76 million of the original request for a total program of $155 million. If the Congress votes the full $191 million for 1983, it will augment Park Service efforts to restore and improve the parks during FY 1983. There is a very real need to upgrade the National Park System since the National Park Service estimates that visits will reach a record of 362 million in 1983. This is a 13 percent increase over actual 1981 visits of 321 million.

The budget also proposes increases in recreation, entrance, and user fees for areas administered not only by the Park Service, but by the Bureau of Land Management, the Fish and Wildlife Service, and other Federal agencies as well. We are also proposing that the legislative prohibition on raising Park Service entrance fees be eliminated and that increased receipts be used to augment the Park Service budget in future years. Our projections show that recreation revenue will more than double from the $23 million projected for 1982.

We are proposing no funding for the categorical grant programs of the Land and Water Conservation Fund, the Urban Park and Recreation Fund, and the Historic Preservation Fund. These programs primarily produce local benefits and should, therefore, be the responsibility of local governments. I would like to point out that, as of December 31, 1981, the LWCF State Grant program's unobligated and unexpended balances totalled $572 million. For the Urban Park and Recreation Fund, there is anticipated to be $50 milion in unexpended balances in 1983 and beyond. With regard to historic preservation, it should be recognized that the Economic Recovery Tax Act of 1981, provides a 25 percent income tax credit for historic preservation. Over $200 million in such tax credits are estimated for 1983.

Requests for 1983 appropriations from the Land and Water Conservation Fund, total $69 million for land acquisition activities of the National Park Service, Bureau of Land Management, Fish and Wildlife Service, and the Forest Service. Of this amount, $60 million will be used for Park Service land acquisition to pay court awards on lands already taken or condemned by the Federal Government and for emergency purchases.

Indian Programs

The Department is requesting $1.6 billion for the Bureau of Indian Affairs which is nearly $89 million over the FY 1982 appropriation to date. This excludes $52 million proposed to be transferred from the Department of Education. The request for the BIA recognizes the Federal Government's responsibilities to Indians, and includes funds for new initiatives concerning economic development and small tribes, and proposes improvements in operating efficiencies.

The budget recognizes that those living on or near reservations have fewer alternatives available to them than most other Americans and are consequently more dependent on the Federal Government. But, this dependence on the Federal Government should be reduced. We are proposing a $10 million new economic development initiative which would result in partnerships between Indians and the private sector to develop resources on reservations. All too often in the past, such government-sponsored attempts to improve the economics on reservations actually ended up increasing reservation dependence on Federal spending. This initiative will be different in that at least 80 percent of the needed capital will have to come from other sources. Thus, sponsored projects will meet the test of the marketplace. We are also proposing $5 million for small tribes to use to improve their management capability, thereby increasing their independence.

In addition, we are proposing a number of improvements in operating efficiencies. BIA overhead will be reduced by $16 million. We believe that savings of this magnitude can be achieved by reducing unnecessary layering, streamlining program management, and generally becoming more sensitive to costs. These reductions can be made without impairing direct services to Indians. We are also proposing the transfer or closure of a number of Indian schools. Those schools which we propose to close are under-used and have a high per-student cost. The students at these schools can be accommodated at other BIA schools or at nearby public schools. In Alaska, we are proposing transfer of the remaining day schools to the State, an action consistent with the State constitution which requires a single school system.

Water Resources

The Geological Survey's continuing program of water resource investigations will be expanded particularly in the areas of acid rain and toxic waste so that the Nation's water resources can be appraised and we can be assured that the water data necessary to develop and manage these resources are available when needed.

The 1983 budget does not include a request for funding for the Office of Water Research and Technology. However, its two reimbursable programs, which provide assistance and expertise in the development of desalination projects in Israel and Saudi Arabia, will be administered by the Bureau of Reclamation in 1983.

Bureau of Land Management

We will continue to be a good neighbor in 1983. We will share an additional $163 million over the 1982 level of $594 million in revenue from public lands activities such as mineral leasing, timber sales, and grazing fees. We have also included $45 million for payments in lieu of taxes as a legislative proposal for later transmittal. A working group of the Cabinet Council on Natural Resources and the Environment has recently been designated to review, among other things, all revenue sharing, including PILT. We would anticipate an initiative on this later this year, and look forward to working with the Congress on this issue.

The Bureau of Land Management's 1983 program will reflect our efforts to implement sound management concepts and practices on the public lands and open the Federal lands to public access for appropriate uses. For example, increases are proposed to process additional rights-of-ways related to energy development and transmission lines, to process land cases in the Lower 48 states, and to process additional Native allotments in Alaska. We will also continue to convey 13 million acres per year to the State of Alaska during 1983.

As a result of our more efficient management of the public lands, we are able to recommend cost-savings in several programs administered by the BLM. For example, Bureau efforts to streamline its withdrawal processing and review result in budgetary savings while still meeting the 1991 statutory deadline for completing these reviews. Emphasis in the Bureau's rangeland management program will continue to be on compliance with the court-ordered schedule for environmental impact statements, but funding reductions of $7.7 million will be possible as the Bureau moves from intensive single-year inventories as the basis for decisions on whether or not livestock reductions are needed to use supervision and multi-year monitoring of range conditions. In addition, livestock operators will assume to a greater extent the responsibility for the cost of maintaining range improvements.

Surface Mining Reclamation and Enforcement

The 1983 budget for the Office of Surface Mining projects that all but three coal-producing States will have assumed primacy for regulating coal mining operations within their boundaries by the beginning of FY 1983. It is also anticipated that two additional States will assume this responsibility in FY 1983, leaving Georgia as the only State that will have a direct Federal program, reflecting that State's decision not to have a State program. We consider this to be one of the Department's most significant accomplishments, as we expect greater local control, increased environmental safeguards, and increased production through less burdensome regulations. This policy, mandated by the Congress in the Surface Mining Control and Reclamation Act, will have a major impact on Federal-State relations.

For OSM's regulatory programs, the 1983 budget includes a significant increase of more than one-third over 1982 levels in the amount of grant money provided to States to assist them with their efforts in assuming primacy for coal mining operations within their borders. This change is consistent with the Administration's overall effort to reduce the level of Federal involvement in matters which can be better handled by State and local governments. The budget includes nearly $20 million in increased funds to be made directly available to the States to carry out their reclamation work, together with an offsetting reduction in funds requested for direct Federal reclamation work. I expect favorable consideration will be given to a supplemental request should States demonstrate a need for and capability to administer additional grant funds both for reclamation and regulation in 1983.

Fish and Wildlife Service

The 1983 Fish and Wildlife Service budget includes a $10.2 million increase for minor rehabilitation and cyclical maintenance at 203 National Wildlife Refuges, 37 National Fish Hatcheries, and three National Research Laboratories. Major rehabilitation for Service facilities will nearly double in 1983 from the $6.7 million 1982 level, and public use activities on refuges and hatcheries will also increase. In total, this represents more than a $16 million increase for improvement projects at refuges, hatcheries, and research facilities. The budget continues the 1982 increase for implementation of the Lower Snake River Compensation Plan. In addition, the development of comprehensive plans for Alaska refuges is on schedule with five plans to be completed by December 1983. No construction funding has been requested pending completion of the plans. The budget includes some reductions which reflect efforts to reduce overhead and lower priority activities, while maintaining services to the field. We propose to transfer or close several hatcheries and also close other fishery assistance and research facilities.

Territorial Affairs

The primary emphasis in formulating the budget request for Territorial and International Affairs was to provide adequate Federal support for the basic operations of the territorial governments. In order to protect these operational funds and at the same time pursue our commitments to contribute to the construction of capitals in the Micronesian Governments and a new hospital in the Northern Mariana Islands, it was necessary to defer certain other capital improvement projects. Funding is included, however, for the most critical capital needs in Guam and American Samoa. Also submitted with the 1983 budget is a 1982 supplemental request of $21 million to provide for the relocation and resettlement of the Bikini Islanders, and a legislative proposal to authorize up to $8 million in loan guarantees to alleviate a power supply problem in American Samoa.

Energy and Education Programs

In addition, the Interior portion of the President's budget includes funds for programs the President is proposing to transfer from the Departments of Energy and Education. These programs include the Naval Petroleum and Oil Shale Reserves, and the Power Marketing Administrations from Energy, and the Indian Education and Impact Aid Construction programs from Education. The budgets for those programs were developed by their current organizations, and their leadership will be testifying on them.

Conclusion

Mr. Chairman, this concludes my prepared remarks. I do, however, enlist your continuing support in making this year as successful as the previous year has been in carrying out our mutual objectives for this Nation.

SUMMARY STATEMENT

Secretary WATT. Thank you, Mr. Chairman. We appreciate being here.

I have with me Assistant Secretary Robin West, and Joe Gorrell, Director of our Office of the Budget. I do have a rather lengthy statement, which I would have put into the record.

I would like to highlight the statement very briefly: 1981 was a phenomenally successful year for the Department of the Interior. We brought massive change to the Department, in an effort to bring about better management of our resources, so that America's greatness could be restored.

And I need to compliment you very particularly, Mr. Chairman, because you wear both hats when it comes to the Department of the Interior, as chairman of the Energy and Natural Resource Committee, and as chairman of this group.

You have helped personally, professionally, and programmatically in guiding many of those changes into existence, and we feel that the 1983 submission is a further refinement of the major policy changes we did introduce through the 1982 budget process. We're very, very pleased with the support Congress has given us through the budgetary process, and we feel that 1982 was a powerfully successful year and that this year will be even better.

We're asking for several changes in priorities, as compared to 1982; we are asking again that the Land and Water Conservation Fund be reduced, that you again support a zero funding of the Land and Water Conservation Fund for the State grants-in-aid program.

As of December 31, 1981, there was $572 million in unobligated and unexpended balances for the LWCF State grant program.

Mr. Chairman, last year the States spent $118 million. Therefore, at that rate we don't need to make another appropriation for 5 years in order to let them spend up the backlog.

Now, I may be misleading you a little bit on that, because some States could use more money, and other States don't have any money left, while some States haven't spent any at all. So I'm speaking nationally, and it is somewhat misleading, but it still makes the point.

We're proposing no funding for the urban park and recreation fund. We're asking for an increase over the Carter budget request for 1982 for the national parks; we're also asking for increased money for the Fish and Wildlife Service for restoration of the refuges. We feel that they have also been neglected too long.

We expect revenues to go up considerably. We've increased the filing fee in the onshore oil and gas leasing program from $10 to $25, as Congress ordered. Then on our own initiative, under the authorities given by Congress, we raised it from $25 to $75.

Because Mr. Burdick's here—I realize that the Bureau of Reclamation is not here, but we're asking for a 22-percent increase in that program, and had the court taken care of the Garrison issue sooner, we probably would have asked for more than the $4 million that we did request for the Garrison unit.

We would not ask for a greater ceiling, Senator Burdick; we would ask for new priorities within the reclamation budget. We could use more money for Garrison. I'm happy that the judicial system changed that situation.

Senator BURDICK. And you've got the capability of more than $4 million?

Secretary WATT. Yes; we do.

Senator BURDICK. How high?

Secretary WATT. I've asked that question; but I'm not asking for an add-on. If we had received that court decision in a timely fashion, we would have asked for $14 million instead of $4 million, but we would have taken it out of other programs within the Bureau of Reclamation.

So again, I'm not asking for a $10 million add-on.

Senator BURDICK. We might be asking—ourselves.

Secretary WATT. I'm asking that myself.

Mr. Chairman, I know that you'll have questions about the mineral institutes, and things like that, so why don't I just stop and let you highlight what you think is important, with Indians and other issues.

Senator McClure. Thank you very much, Mr. Secretary. Let's try to limit ourselves on the first round of questioning to about 10 minutes. Then if we have additional time, we'll get back.

When I started this morning with Secretary Edwards, I didn't think—it didn't then appear that we'd have as many people in attendance. We were a little more relaxed in the time. We'll try to divide it up a little more, and if we have more, we'll go back for a second round.

Mr. Secretary, I want to share with you the feeling of pride that you've already expressed about what's been accomplished in the first year. I think it has been a very productive year, in a variety of ways. In some ways you have confounded us and surprised your critics as well as pleased your friends. But your critics' worst fears have not been realized, although they're still suspicious that they will be.

Secretary Watt. They're making so much money that they'll never relax, you know. They can be greedy.

Senator McClure. But in spite of all the progress, there's still much to be done.

Senator Leahy. I'm sorry, Mr. Chairman; I didn't quite understand that answer. I thought it was a good point you raised. The Secretary's answer that those who have—who have been critics have done it out of greed? I can just see the headline tomorrow, from who's standing there.

Secretary Watt. I stand on what I said.

Senator McClure. I think the Secretary has indicated that he was making them money.

Secretary Watt. That's exactly the case. I've said it many times. It's not newsworthy; I can't get it printed.

Senator McClure. I am concerned about some of the directions we're going. While I have shared with you much of what you've done, and agree with much, there have been some differences of opinion over the year. And there have been some changes in which the Congress has participated, whether I agreed with the majority or not.

MINERALS MANAGEMENT SERVICE

One area which I'm particularly pleased with is the creation of the Minerals Management Service, along the lines suggested by the Linowes Commission. I commend you for not only having created the Commission; you very uncharacteristically got listed by the Commission for doing what they said.

You might for the record briefly explain the state of the royalty management problems, and what, in terms of increased safeguards and revenue collection, you expect the MMS to accomplish.

Secretary Watt. Thank you, Mr. Chairman. That is a tremendous accomplishment. The Geological Survey's Conservation Division had responsibility for collecting and distributing the royalties earned from oil and gas and other minerals. In 1959, different entities started complaining about the mismanagement of that program, and since then there were complaints by Congress, by the GAO and by the States, that this was not being properly managed.

And it got to the degree that there were between $200 and $650 million estimated that might not be collected, properly accounted for, or stolen in the way of crude oil thefts.

Nothing had been done about it. The accounting system that was being used when we inherited the Department of the Interior had been implemented in the 1950's, during the Eisenhower administration, and had not been changed since then.

We appointed the Linowes Commission, made up of five outstanding people, with national reputations, from all segments. They made 60 recommendations about changes that should be made if we're going to properly account for and eliminate the oil theft from the Indian lands and the Federal lands.

We have adopted all 60 recommendations. We implemented some of those, as you commented, Mr. Chairman, even prior to the completion of the Linowes Commission report, and we created the Minerals Management Service by simply pulling out of the USGS the entire Conservation Division, and putting it under new management.

We have the full support of all the States in this. In Alaska's case, 90 percent, and in the other States, 50 percent of all the revenues are shared. It's been a very successful venture, and we think it will prove very successful in the months ahead for improving the collection of U.S. revenues.

TRUST TERRITORY AND MINERAL INSTITUTES

Senator McClure. Mr. Secretary, I have an extensive list of questions, which I will submit for the record. There are some that relate to our responsibility in the Trust Territory of the Pacific Islands; I think we have an extremely critical need to be met there, as we try to move through the status negotiations and try to put them in a position where they can undertake the maintenance of their own affairs upon a strong capital base.

And I have some questions, as you would indicate, with respect to the mineral institutes.

I am very much concerned that we don't let up our concern that we have not been graduating enough people in the field of minerals technology and mining and geology and geological engineering and mining engineering to staff an expanding minerals industry in the United States.

We are becoming extremely and critically vulnerable to the disruption of supply and perhaps economic distortion because of that dependence upon unsecure—or insecure sources.

I think you share that concern——

Secretary Watt. Yes, I do.

Senator McClure [continuing]. Of the vulnerability, and I commend you for the interest that you've shown in the minerals area.

And yet, one facet of that has to be the personnel that are trained to work in this area.

Would you care to comment?

Secretary WATT. Yes, Mr. Chairman. Briefly, on the trust territory issue, at your urging, a little over a year ago we did appoint the first Assistant Secretary for Territorial and International Affairs. We've staffed this office and given it full support and attention, because of the problems that you suggested might be there, and we have found even greater problems than you feared. There has been unbelievable neglect in the past, and we'll be reporting to you on this continually during the year. We think we're getting a hold on these problems.

With regard to the mineral institutes, I have a letter that is, I think, basically ready for my signature, which was due to you on February 15. I have held it up briefly because I felt that I needed to discuss it with you, and maybe here on the record is a good place to discuss it quickly.

The conference committee on our 1982 appropriations bill suggested that the Department should undertake to reduce the number of mineral research institutes, and directed the Department to submit a comprehensive plan for institute consolidation no later than February 15. That report noted the conferees' expectation that the program could be reduced in fiscal 1983. Indeed, I'm asking that we zero fund it for 1983.

In taking the lead role for formulating this plan on behalf of the Department, the Bureau of Mines brought together an advisory group made up of the National Science Foundation, National Academy of Science, Bureau of Mines, USGS, and the National Academy of Engineering, as provided for under Public Law 95-87. This group made recommendations concerning how the $9.2 million in 1982 funds which were already appropriated should be spent. They recommended that we make available $150,000 to each of the 31 mineral institutes, for a total of $4.6 million. They further recommended that we create four or five centers of generic mineral technology at about $1 million apiece. This is their recommendation, and in my judgment, it has some merit for the 1982 expenditures. However, I haven't had the opportunity to fully think this through and I'm not sure I fully understand what they're laying the groundwork for.

I would like to see, as you know, this responsibility transferred to the private sector. As you point out, there are no unemployment problems in the energy or mineral sectors of America today. Those sectors are booming. I don't want to be laying the groundwork by creating centers for generic mineral technology that are going to require Federal funding forever; yet I am intrigued with the recommendations. I'll send you this report and we can work it out.

PAYMENTS IN LIEU OF TAXES

Senator MCCLURE. Thank you very much. Without asking the questions on the record, I at least want to highlight for the record at this time my concern with the payment in lieu of taxes program. We discussed that and you've mentioned it. We'll be back looking at it. And although the time doesn't permit a full discussion of that now, certainly, the local units of Government are going to be faced with stringent budgetary problems of their own this year. The receipts from Federal lands, outside of Wyoming perhaps, and the declining revenues, particularly from timber operations on public lands, is going to pose a massive problem, and we may see an increased demand, because there'll be fewer offsetting receipts.

Second, mention was made of the State share Land and Water Conservation Fund. While we ultimately last year did appropriate no money for it, I had insisted all year that we had gotten the States involved in the planning process and having once gotten them involved in the planning process to improve their State outdoor recreation plans, that we needed to follow through on that. Unfortunately, I didn't have much support for that throughout the year, and the position that the unexpended funds were sufficient prevailed at the end of the year.

But I will be asking you the same kind of questions again this year. I will be consulting with the States to see whether or not a pattern does develop that indicates some States are disadvantaged in a much greater degree than others. And perhaps that average figure that you confess is a nationwide average needs to be related to individual State problems. I thought I should highlight that for the record. Those will be areas of controversy this year.

Secretary WATT. I would like to respond on the payment in lieu of taxes, particularly, Mr. Chairman, because I want to fully commit this administration to payment in lieu of taxes. If we cannot bring forward satisfactory legislation that would bring a fair and equitable payment-in-lieu program, and we've not been able to do so yet, I confess to that, we will be back to the Congress with a supplemental request, because we think that is absolutely essential to a good neighbor policy.

When you have landownership, you have a responsibility of ownership, and that means paying your fair share, and that's why we support the payment in lieu of tax concept. We will not turn our backs on that. We will come for a supplemental, if we can't work it out prior to that.

Senator McCLURE. I thank you. Senator Huddleston.

UTILIZATION OF YOUTH CORPS BY NPS

Senator HUDDLESTON. Thank you, Mr. Chairman.

Mr. Secretary, we're glad to have you over on this side of the Capitol.

Secretary WATT. I prefer this side to the other side too, Senator. [Laughter.]

Senator HUDDLESTON. We might disagree with you from time to time, but we don't hold you in contempt.

I have not yet had an opportunity to thoroughly analyze your budget submission. A great part of it, as you can imagine, is of great interest to us in Kentucky and I think the entire country. I'll have an opportunity to do that as time goes on.

I, too, am concerned about the mineral institute situation, and I want to get into that with you later. There's also a question of the utilization of the Youth Conservation Corps by our national park system. The park directors that I've talked to found it to be a very helpful tool to get a lot of things done to improve the parks by utilization of the Youth Corps. I'm wondering, does your agency encourage that? Is there anything in this budget for the Park Service, thinking of the 10 percent increase, that would encourage them to utilize the Youth Corps?

Secretary WATT. No; we're asking for zero funding of that again. One of the reasons the park professionals with whom you've been speaking are so pleased is that in the past years, Senator, the park maintenance, upkeep, and restoration have been so badly abused and ignored that any help park managers could get from any source, including the YCC, was greatly appreciated. The abuse to our national park system is a shame. That's why we're asking for $191 million this year compared to the $155 million appropriated last year. That's the reason for that increase. It's a shameful chapter in our national parks' history.

We felt last year that if the professional park managers had an option that they would rather have the money for different type of employment than the YCC program.

Congress did an interesting thing. I don't know the author of it, but I think it was a very clever and wise approach. They appropriated program money for the YCC and required that $1 to $3 million be spent by the national park system. It will be interesting to see how the professional park managers actually use that money. Will they use it for YCC programs, or will they use it for regular employment? You've given them an option. They have to use at least $1 million, and they can use up to $3 million. So how are they going to handle that $2 million? Will they use it for YCC or will they use that $2 million for other types of employment? I'm going to let the professional park managers make that decision. I think it's a good way to see how they use that money.

Senator HUDDLESTON. It probably will vary from park to park.

Secretary WATT. Probably.

PARK RESTORATION AND IMPROVEMENT

Senator HUDDLESTON. But your approach is to provide better maintenance programs and more funding for regular maintenance and improvement rather than rely on the YCC?

Secretary WATT. That's what we would like to move to. We're not doing well enough yet. This budget still doesn't have enough money.

Senator HUDDLESTON. How much does it have?

Secretary WATT. In total, we're talking about $191 million, of which cyclical maintenance, repair and rehabilitation for 1983 is going to be $34 million. We also have health and safety projects and cultural preservation, and capital improvements. In total, we have $191 million.

Senator HUDDLESTON. Well, I think it probably is something that maybe we ought to look at very closely, but it occurs to me that in addition to getting some very needed work done at relatively low cost, it does, of course, also provide some useful employment for the young people that might be otherwise engaged.

Secretary WATT. The employment angle is an interesting one. Much of the criticism that has been leveled at our philosophy in the parks is that we have asked for a significant reduction in acquisition and put it into rehabilitation. You know, if you acquire 200 million dollars' worth of land, you haven't created one job. If you put $191 million into park restoration, maintenance, and the like, you're creating jobs for plumbers and truck drivers and carpenters and grocery store operators, and the ripple effect is tremendous.

So we've had our eye on that as well.

WILDERNESS LEGISLATIVE PROPOSAL

Senator HUDDLESTON. Now you said a moratorium on mineral leasing in national parks. What period of time was that?

Secretary WATT. May I comment on that? There is no drilling in the national parks. There is no mining, there is no timber operations. It's prohibited by law. We wouldn't recommend a change. We think those parks should be preserved in their natural state. Now I've said that many times in the last year, and it's still mispresented. The Wilderness Act of 1964 provides that there can be mining and oil and gas exploration and development in the wilderness areas. That provision expires in December 1983. I've asked Congress for and allowed moratoriums at two different times. I've extended moratoriums, and have said that we will not lease or allow mining in wilderness areas, if you will address the legislation and change it.

The House committee has not moved. They're the ones that have caused the agitation, but they have not moved. So a week ago I proposed a legislative program whereby we would recommend that legislation be adopted that would prohibit entry into the wilderness area for oil and gas or mining or any other activity through the end of the century. I then suggested that it would be appropriate that every 5 years we make available a report on new technology, new information, and new knowledge, so that the Congress could make a wise decision, and then the leadership in existence in the next century can make decisions as to the use of those lands.

Now the facts remain and the legal reality is that the Congress can undo anything it's ever done at any time, and I have faith in the future. I have faith in people, and I'm saying that in subsequent generations, you have the legal reality of making the right decisions for the use of those lands. Let's be honest enough to say, "Generations in power in the 21st century, you make your own value judgments." They can do it anyway. It's a phony game to suggest that they can never look at it again. Any Congress can.

I'm being honest enough to say that it's our recommendation that we not do it for the rest of this century, and then let those people address the issue at that time. I think that's the wise way to do it. It can be done anyway, and I'm just saying it up front. Some people don't like to say it up front. They want to pretend that a Congress can never look at it again, but Congress must. We need the strategic minerals, or we may need them, as the chairman has pointed out. We are vulnerable to imports from Russia and South African countries. We import the majority of our strategic minerals from those two basic sources.

And I think that if we care about the future of America, we must make the information and knowledge available and let succeeding generations make their own value judgments and not try to lock them out of those options.

I really gave you an answer, didn't I?

Senator HUDDLESTON. Sounds reasonable.

FISH HATCHERIES

Another area of interest I have is the fish and wildlife section, the question of fish hatcheries. Do you want to comment on that?

Secretary WATT. I'm a gutsy leader. I'm again trying to terminate 31 hatcheries, spread though 27 different States. These hatcheries have been allowed to deteriorate, because, again, maintenance money wasn't adequately provided. It would take a substantial investment to rehabilitate those. Some of them clearly should never be rehabilitated. They're not beneficial in real economic terms. Others probably should, and we would recommend that the State and local governments take them over if they feel that they should be maintained and continued. We set criteria to determine which hatcheries should stay open, and the highest priority went to the anadromous or Great Lakes fisheries, fisheries on Indian reservations, mitigation fisheries management, hatcheries that would work on threatened or endangered species. If the hatcheries didn't fall into one of those categories, we're recommending that funding be discontinued and that they be terminated or transferred to other governmental entities.

Senator HUDDLESTON. Have you analyzed the effect, if, in fact, they are, or the majority of them are terminated or not picked up by the local governments?

Secretary WATT. I'm not prepared to quantify this, but the effect will be principally on commercial fisheries which they supply. There will also be some effect on States that use these Federal hatcheries to supplement fish planting in their streams.

Senator HUDDLESTON. My time is up.

Senator MCCLURE. Thank you, Senator. Senator Andrews.

GARRISON PROJECT

Senator ANDREWS. Thank you, Mr. Chairman.

Mr. Secretary, two things we're very much interested in are the Bureau of Reclamation and the Garrison Diversion project out in North Dakota which has been stalled time after time after time. Are you prepared to recommend, now that the important decisions are coming up, that we in fact have increased capability for funding the Garrison sector?

Secretary WATT. Thank you for coming back to that, because I did mention it to Senator Burdick, and I need to say that, had we had the court decision prior to the submission of the budget, we would have put in a request for $14 million for the Garrison project instead of $4 million.

Senator ANDREWS. I wanted to make sure that that was part of the record, Mr. Secretary, because you and I have talked about that.

Secretary WATT. We've talked personally about it before, and I want to emphasize this again. I'm not asking for an additional $10 million to our budget. We would set different priorities and take $10 million out of other projects or underfinancing. So I'm not asking for an additional $10 million, but we never did like the previous administration's treatment and the court's treatment of the Garrison project. Now that the court has rectified this situation, we ought to get on with the programs that you two Senators want.

Senator ANDREWS. So, in effect, what you're saying is that we can structure an amendment to this effect that will not do violence to the President's budget recommendations but will, in fact, get the $14 million for Garrison?

Secretary WATT. That is correct.

Senator ANDREWS. I appreciate that very much.

INDIAN SCHOOLS

Mr. Secretary, one other point. In your testimony on Indian affairs, you say you're proposing transfer or closure of a number of Indian schools.

The schools that you propose to close are under-used and have a high per-student cost.

Mr. Secretary, just last week in this very room I chaired a committee hearing for the Select Committee on Indian Affairs, looking into these schools, and it turns out that somebody's been feeding you the wrong information, because one of the schools proposed for closing—one in North Dakota—has in fact the lowest per-pupil cost of any Indian school, and the one that you're proposing to close in Oklahoma has the third lowest.

In fact, the testimony that we looked at also pointed out, not only are they not under-used, but in the case of the Wahpeton School, there are more students now than there were 5 years ago.

There's an intense need for them. In fact, 85 percent of the students are there because they're coming from problem homes, and they're not problem students. They come from problem parents.

It was more than 5 hours of hearings, Mr. Secretary, and I don't want to take the time of my colleagues, or you, right now, but I would ask, Mr. Chairman, with unanimous consent, that the four or five pages of my comments to you on that hearing be included at this point in the record.

[The information follows:]

Statement of Senator Mark Andrews

Secretary Watt: Last Wednesday, February 24, 1982, the Senate Select Committee on Indian Affairs held a hearing, which I chaired, to review the proposal by the Bureau of Indian Affairs to close three off-reservation boarding schools at the end of this fiscal year. The schools scheduled for closure are: Wahpeton Indian School, Wahpeton, North Dakota; Concho Indian School, Concho, Oklahoma; and, the Southwestern Indian Polytechnic Institute (SIPI), Albuquerque, New Mexico.

Wahpeton and Concho are the only two off-reservation elementary boarding schools in operation at this time. The great majority of the students, estimated at 85% are at the schools for social reasons. The figure of 85% was given to the Indian Affairs Committee by the BIA, but at the hearing, BIA witnesses changed to 5-10%, which then was contradicted by other testimony both from BIA witnesses and tribal and school board witnesses, and a North Dakota judge. These social reasons include chronic truancy in other school systems, parents who are unable to provide even a minimally secure home environment, loss of both parents, and court ordered social referrals. The BIA testified that it intends to return the majority of these children to their homes to attend local public, Bureau or tribally controlled schools. However, during the course of the hearing, which was pretty close to five hours, it became clear that the BIA's plans for the children are based on no facts, no discussions with the school counselors and teachers, no communications with the parents, if there are any, no consultation with the tribes as requried by your regulations, and no discussions with the public schools system. In short, Mr. Secretary, the Bureau has no real plans for these children. It is also clear that many of these children will either be forced back into their homes, where they had serious problems to begin with, or will wander from relative to relative on the reservation, staying with one family for a week or so, then moving on to another. And, Mr. Secretary, this does happen. While the BIA witnesses testified that the children would have homes to return to, they never told us where these homes were. When questioned about the availability of foster homes, they did not know if there were any available or if there was money to pay for foster care. Our indications from tribal governing bodies is that there are very few foster homes available, far fewer than those necessary to take the 420 children currently at Wahpeton and Concho.

In detail, we questioned the BIA on why they were closing the schools this June, if they did not have a plan for the children. To be honest, Mr. Secretary, we never got a straight answer. The disrepair and age of

THE BUILDINGS WAS ONE ANSWER GIVEN. BUT, THAT WAS DIRECTLY CONTRADICTED BY FURTHER QUESTIONING -- IN FACT, ONE WITNESS, A FORMER TEACHER AT WAHPETON BROUGHT PICTURES OF THE SCHOOL FACILITIES FOR THE COMMITTEE TO SEE. NOT ONE OF THE OFFICIALS MAKING THE DECISION TO CLOSE CONCHO AND WAHPETON HAD EVER BEEN TO THE FACILITIES -- YET, MR. SMITH WAS IN NORTH DAKOTA IN DECEMBER, AFTER SENATOR BURDICK AND I HAD REQUESTED INFORMATION ABOUT THE PROPOSED CLOSURE OF WAHPETON -- A LETTER WHICH WAS SUMMARILY ANSWERED 36 HOURS BEFORE THE HEARING -- 2-1/2 MONTHS AFTER IT WAS SENT. UNDER-USE AND HIGH COST PER STUDENT WERE ALSO REASONS GIVEN BY BIA WITNESSES AND, I NOTE THAT IN YOUR PREPARED STATEMENT TO THE HOUSE COMMITTEE ON INTERIOR AND INSULAR AFFAIRS, DATED MARCH 1, 1982, YOU GAVE THE SAME REASONS FOR CLOSING THE SCHOOLS. HOWEVER, THESE REASONS WERE CONTRADICTED BY THE BUREAU OFFICIALS THEMSELVES. DURING THE COURSE OF THE HEARING, THE BIA ADMITTED THAT THE ENROLLMENT OF WAHPETON WAS INCREASING AND WAS "AT CAPACITY" - BY THAT, I MEAN THAT WE LEARNED THAT THE SCHOOL WAS TAKING AS MANY CHILDREN AS COULD BE REASONABLY EDUCATED DUE TO THE HIRING FREEZE. IT ALSO CAME OUT THAT THE SCHOOL HAD TO TURN DOWN QUITE A FEW APPLICATIONS BECAUSE THERE WAS NO CLASSROOM SPACE, BASED ON THE NUMBER OF TEACHERS AVAILABLE, FOR THE CHILDREN. ALTHOUGH I AM NOT AS FAMILIAR WITH CONCHO, BASED ON THE TESTIMONY, I WOULD AGAIN HAVE TO SAY THAT THE LOW ENROLLMENT FIGURES ARE BASED ON THE AVAILABILITY OF TEACHERS AND COUNSELORS. CONCHO HAS ONE DORM PARENT AVAILABLE AT NIGHT FOR 160 STUDENTS, GRADES 1-8, AND ONE COUNSELOR FOR 160 STUDENTS, HALF OF WHICH ARE ORPHANS. SIPI IS IN THE SAME BOAT. ALTHOUGH THERE IS SOME DORM SPACE AVAILABLE, THE SCHOOL IS UNABLE TO TAKE IN ANY MORE STUDENTS BECAUSE OF A LACK OF INSTRUCTORS AND TEACHERS. THE QUALITY OF THE EDUCATION AT THE SCHOOLS IS CERTAINLY MORE IMPORTANT THAN THE NUMBER OF STUDENTS LIVING IN A DORM. I BELIEVE THAT AS FAR AS WAHPETON IS CONCERNED, THAT BUT FOR THE LACK OF TEACHERS, CAUSED BY THE HIRING FREEZE AND BUDGET CUTBACKS, MORE STUDENTS WOULD BE ATTENDING THE SCHOOL.

IN TERMS OF HIGH COST PER STUDENT, TESTIMONY AT THE HEARING INDICATES THAT THE MOST COST-EFFECTIVE BOARDING SCHOOL RUN BY THE BIA IS THE WAHPETON INDIAN SCHOOL WITH CONCHO COMING IN AT THIRD OUT OF 10 SCHOOLS. WHILE THE COMMITTEE, AND ESPECIALLY MY COLLEAGUE, SENATOR NICKLES, DO HAVE SOME QUESTIONS ABOUT THE STAFF-TO-STUDENT RATIO AT CONCHO, IT HAS MORE TO DO WITH THE TYPE OF STAFF THAN THE NUMBER. IT APPEARS THAT THE ADMINISTRATION AT CONCHO RATES COUNSELORS AND DORM PARENTS LOW ON THE PRIORITY OF STAFF NECESSARY, BUT WE DON'T KNOW THE FIGURES YET. IT SEEMS THE BIA OFFICIALS DID NOT KNOW THEM EITHER. WE HAVE ASKED FOR THE FIGURES ON COST PER STUDENT FOR CONCHO, WAHPETON AND SIPI, SINCE THE BIA COULD NOT GIVE US THAT INFORMATION AT THE HEARING AND WE ARE STILL AWAITING AN ANSWER.

As far as the closure of SIPI is concerned, and I only wish that Senator Schmitt was able to be here since he knows quite a bit about the school and testified at the hearing, the same circle of questions and contradictory statements ensued. When we finally got over that round of questions, it appeared that neither the Tribally Controlled Community Colleges nor Haskell Indian Junior College was going to be able to absorb the students, let alone give them the quality education and special courses available at SIPI.

The sad fact is that the BIA appeared not to know why the schools were being closed, other than a policy decision to close off-reservation schools. When questioned about the recommendations and consultation with officials in the Office of Indian Education programs, Mr. Smith told us that he had consulted with his education staff and they recommended that the schools be closed. However, the Select Committee, during our investigations, uncovered a memorandum concerning Wahpeton which stated that the Office of Indian Education did not support nor recommend the closure of that school. We also learned that the official who visited and reviewed SIPI had recommended that it not be closed.

So, after five hours of hearing, we learned that the BIA had no justification for closing the schools, no plans for the children who were going to be displaced, and no answers to our hours of questions. That surely is a sad comment on the branch of the government which is the trustee for the Indian people.

What I would like to know today, Mr. Secretary, is what is going to happen to the children? We have only three months to decide where they are going to be placed and the BIA has done nothing -- no consultation with the tribe nor parents. Form "option" letters are being sent to all parents and guardians of the children -- however, we know that many of these parents are not capable of caring for their children, so how are they going to decide options? Besides that, the BIA witnesses stated that they do not know if there is room for the students at other schools.

I am not trying to dictate policy to you, but I would suggest that these schools remain open for another year, and be funded for FY'83, while

THE BIA REALLY LOOKS AT THE OPTIONS -- IF THERE ARE ANY. TO DO LESS THAN THAT WOULD BE A TRAVESTY AND CERTAINLY DO IRREPARABLE HARM TO YOUNG INDIANS, WHO COULD, GIVEN THE QUALITY OF EDUCATION THEY ARE CURRENTLY RECEIVING, BECOME VERY VALUABLE CITIZENS OF THIS COUNTRY. IN FACT, WE KNOW THAT THE CHILDREN AT WAHPETON SCORE VERY HIGH ON THE STANDARD TESTS AND GO ON TO GRADUATE FROM HIGH SCHOOL AND COLLEGE. THE STUDENTS GRADUATING FROM SIPI ARE SO WELL TRAINED THAT THE SCHOOL HAS OVER 90% OF ITS GRADUATES RECEIVING JOBS.

MR. SECRETARY, I WOULD APPRECIATE YOUR GETTING BACK TO THIS COMMITTEE ON THE ISSUE OF THE CLOSURE OF THE BOARDING SCHOOLS.

THANK YOU.

Wahpeton Indian Elementary School

Wahpeton's closure is proposed for the following four reasons: 1) elementary students should live with their families and attend day schools when educational opportunities exist; 2) alternative educational opportunities do exist in other BIA and public schools; 3) boarding schools are expensive to operate; and 4) per pupil costs have increased as enrollments decline.

It is the Bureau of Indian Affairs policy that elementary students should be as close to home and in day schools whenever possible. Boarding schools which are off-reservation create the greatest physical, if not psychological, distance of children from their families.

Alternative education opportunities do exist for these children in other BIA and public schools. The 259 children enrolled at some time during this school year in Wahpeton are from North Dakota (102), South Dakota (12), Minnesota (46), Montana (28), Nebraska (26), Wisconsin (28), and other (17).

The closure of the Seneca, Oklahoma elementary off-reservation boarding school in 1980 did not cause an increase in enrollment in either the Concho, Oklahoma school or the numbers of students in peripheral dorms in that state. An increasing number of Indian students, nation-wide are attending public schools. Many of the former Seneca students chose to attend public schools. The impact of Wahpeton's closure on the remaining states listed above or on any single public school would be negligible.

Most students will be returned to their families or guardians. For the few students (5-10%) who need foster care, placements will continue to be sought like those which historically have been arranged for vacation periods and the summer months.

Boarding schools are expensive to operate. Wahpeton's costs in FY 1981 were in excess of $8,000 per average daily membership. In North Dakota, which has no public boarding schools, the average cost per day school student was $1,957 for the same year. Average Bureau cost per day school student is over $4,000.

In FY 1982 tentative allocations are $1,308,406 for school operations, $435,000 for operation and maintenance, and $157,300 for Department of Education Title programs for a total of $1,900,706. A major factor in these costs is the large number of employees required to staff a boarding school. Wahpeton has 77 staff involved in the academic and dormitory portion of the program and 13 maintenance personnel.

The facility improvement cost to bring Wahpeton up to appropriate operating standards would cost $1.6 million. This figure includes $494,961 for code compliance, $742,441 for code repair, $247,481 for demolition and replacement, and $164,987 for environmental improvements including site up-grading such as roads and sidewalks.

The budget projects a savings of $813,000 in addition to avoiding facility improvement costs of $1.6 million.

Wahpeton has a capacity for 350 students. The 1979-80 average daily membership was 291. The 1980-81 school year ADM was 271, and in the 1981-82 school year the ADM is 259. This decline in enrollment reflects a long-term, Bureau-wide trend for Indian students to attend public schools rather than BIA schools, and BIA day schools rather than off-reservation boarding schools. When excess capacity continues to exist in other educationally appropriate but less costly Bureau facilities or within the public schools, maintenance of a costly school program such as that at Wahpeton is unwarranted.

Several actions are currently being taken. On February 3, 1982 the Deputy Assistant Secretary - Indian Affairs (Operations) directed the Office of Indian Education Programs 1) to notify parents no later than March 1, 1982 that the school would be closed at the end of May 1982 and to identify other educational alternatives available to the students, 2) to give priority placement of Wahpeton students at other Bureau schools in those instances when this is the expressed preference of parents or guardians; 3) to coordinate with Bureau social workers to begin seeking placement of those few students who cannot return to their homes.

As of the Feburary 27, 1982 Senate Committee on Indian Affairs hearings, this plan had not gone into effect. At this time, student placement preference questionnaires have been sent to the parents or guardians of the 253 students. Of those 141 who have responded, 69 indicate a choice of other BIA schools, public schools (45), and 27 indicate other schools. 112 indicate no plans at present. Those parents not yet responding by mail or not yet having definite plans are in the process of being contacted by telephone or in person.

Based on past foster care placement experience for Wahpeton students, BIA social workers indicate that they should be able to place those students (5-10%) who cannot for some reason return to their homes. These workers have extensive experience in placing Wahpeton students during for each vacation period and for the summer months.

Staff notification for reductions in force will be sent by March 30, 1982 in accordance with federal regulations specifying necessary notification. Assistance will be given in Bureau-wide placement of staff. All employees will be separated or placed by June 15, 1982. Unions are being notified.

The Area Director of the Aberdeen Office is responsible for the disposition and security of the personal and real property at Wahpeton in accordance with BIA and federal regulations.

Concho Indian Elementary School

Concho's closure is proposed for the following four reasons: 1) elementary students should live with their families and attend day schools when educational opportunities exist; 2) alternative educational opportunities do exist in BIA funded facilities and public schools; 3) boarding schools are expensive to operate; and 4) per pupil costs increase as enrollments decline.

It is the Bureau of Indian Affairs policy that elementary students should be as close to home and in day schools whenever possible. Boarding schools which are off-reservation create the greatest physical, if not psychological, distance of children from their families.

Alternative education opportunities do exist for these children in other BIA and public schools. The 262 children enrolled at some time during FY 1981 in Concho are from Oklahoma, (218), from Minnesota (18), Texas (8), Kansas (8), Iowa (3), Colorado (2), and (1 each) from Louisiana , New Mexico, Maine, South Dakota, Tennessee. The average daily membership of 175 for the same year indicates a 33% turnover rate. Current enrollment is 143.

Within the Bureau's peripheral dorms of Jones Academy, Eufaula, and Carter Seminary are enough excess spaces to absorb all Oklahoma students alone. The closure of the Seneca elementary off-reservation boarding school in 1980 did not cause an increase in enrollment in either Concho or the numbers of students in peripheral dorms. An increasing number of Indian students nation-wide are attending public schools. The impact of Concho's closure on the remaining states listed above or on any single public school would be negligible.

Most students (97-99%) will be returned to their families or guardians. For those few students (1-3%) who need foster care, placements will continue to be made like those which historically have been arranged for vacation periods and the summer months.

Boarding schools are expensive to operate. Concho's costs in FY 1981 were in excess of $9,000 per average daily membership. In Oklahoma, which has no public boarding schools, the average cost per day school student was $1,837 for that year. The average Bureau costs per day school student is over $4,000.

In FY 1982 tentative allocations are $906,020 for school operations, $563,300 for operation and maintenance, and $100,200 for Department of Education Title programs for a total of $1,569,500.

A major factor in these costs is the large number of employees required to staff a boarding school. Concho has 62 staff involved in the academic and dormitory portion of the program and 13 maintenance personnel. The facility improvement cost to bring Concho up to appropriate standards would be $2 million. This figure includes $535,458 for code compliance, $943,684 for code repair, $329,741 for demolition and replacement, and $210,000 for environmental improvements including site up grading such as roads and sidewalks.

The budget projects a savings of $719,000 in addition to avoiding facilities improvement costs of $2 million.

Concho has a capacity for 256 students. The 1979-80 average daily membership (ADM) was 206. The 1980-81 school year ADM was 175; and in the 1981-82 school year the ADM is 169. This decline in enrollment reflects a long-term, Bureau-wide trend for Indian students to attend public schools rather than BIA schools, and BIA day schools rather than off-reservation boarding schools. When excess capacity continues to exist in other educationally appropriate but less costly Bureau facilities or within the public schools, maintenance of a costly school program such as that at Concho is unwarranted.

Several actions relating to students, staff and property currently are being taken. On February 3, 1982 the Deputy Assistant Secretary - Indian Affairs (Operations) directed the Office of Indian Education Programs 1) to notify parents no later than March 1, 1982 that the school would be closed at the end of May 1982 and to identify other educational alternatives available to the students, 2) to give priority placement of Concho students at other Bureau schools in those instances when this is the expressed preference of parents or guardians; 3) coordinate with Bureau social workers to begin seeking placement of those few students who cannot return to their homes.

As of the Feburary 27, 1982 Senate Committee on Indian Affairs hearing, this plan had not gone into effect. At this time, student placement preference responses have been indicated by parents or guardians of all but 9 of the students. Of those 134 who have responded, (out of a total current enrollment of 143), 40 indicate a choice of other BIA schools, public schools (93), and other schools (1). The parental placement preference for the remaining 9 students will continue to be sought.

Based on past foster care placement experience for Concho students, BIA social workers indicate that they should have no problem placing that 1-3% of the students who cannot for some reason return to their homes. These workers have extensive experience in placing Concho students during each vacation period or for the summer months such placements historically have been made. It is possible to increase the stability of the child's life as a result this closure since the placement could last for an extended period of time.

The February 3, 1982 memorandum referred to above also addresses placement of staff, and the dispositon of facilities. Staff notification for reductions in force will be sent by March 30, 1982 in accordance with federal regulations specifying necessary notification. Assistance will be given in Bureau-wide placement of staff. All employees will be separated or placed by June 15, 1982. Unions are being notified.

The Area Directors of the Anadarko and Muskogee Offices are responsible for the disposition and security of the personal and real property at Concho in accordance with BIA and federal regulations.

CLOSURE OF SOUTHWESTERN INDIAN POLYTECHNIC INSTITUTE

BUREAU OF INDIAN AFFAIRS

The FY 1983 Budget proposes the closure of Southwestern Indian Polytechnic Institute (SIPI), a post secondary school.

Rationale

Closure of SIPI is proposed to encourage greater use of the 18 tribally controlled community colleges and other BIA-funded facilities and programs providing vocational education. These facilities provide similar training in the students' home communities at a substantially lower cost.

Background

SIPI was created by action of the Congress in 1966. It is located on a 164-acre tract near Albuquerque. SIPI has dormitory space for 512 students and instructional facilities to accommodate about 700 students. The school plant consists of three instructional buildings, two dormitories, a library, a dining hall, an administration building, a student center, a gymnasium, and various outdoor recreational facilities.

Justification for Closure of SIPI

SIPI's per pupil costs were $8,489 in FY 1981 and estimated costs for FY 1982 are $6,348 per pupil. This latter figure is based on SIPI's projected FY 1982 enrollment of 400 full-time equivalents (FTE's). SIPI's estimated FY 1982 cost was about $3,000 higher than the estimated FY 1982 average per pupil cost of most of the Bureau's tribally controlled community colleges and about $4,500 higher than the estimated average cost of training participants through the Employment Assistance and Job Training Placement Program. For example, in the Albuquerque area, which is the home community for approximately 80 SIPI students, comparable quality education could be provided for about one-fourth the cost of SIPI at the Albuquerque Technical Vocational Institute, a private vocational school.

SIPI's actual enrollment for FY 1982 has exceeded 400 FTE's. As of the middle of March, the enrollment at SIPI was approximately 490 FTE's. The Bureau is in the process of developing current enrollment and per pupil cost figures for other post secondary schools and tribally controlled community colleges for purposes of comparison.

SIPI offers training programs in 10 areas: business education, dental assistance, drafting, electronics, food preparation, offset, optical technology, surveying, telephone technology, and preparatory programs. Most tribally controlled community colleges offer preparatory programs and provide extensive training in business education and a range of other vocational programs, including building trades, automotive repairs, welding, day care, teacher training, and natural resource management. All of the tribally controlled community colleges have open admission, and SIPI students could be accommodated in most vocational programs. Two nearby BIA-funded institutions--Haskell Indian Junior College and Navajo Community College--have particularly strong vocational programs, and each offers more than 10 different training programs. These institutions have vacancies in their training programs for more than 250 students.

According to a May 1981 audit by the Inspector General, about one-third of SIPI's graduates are currently employed. Many of the tribally controlled community colleges, by virtue of their location in the home community and their ties to tribal employment offices, have substantially higher job placement rates. This is also true of the Employment Assistance and Job Training Placement Program. Therefore, we anticipate that SIPI students who continue their training at other available BIA facilities and programs will have an equal or better chance of obtaining a job.

Actions Currently Being Taken

Students

On February 18, 1982, the Deputy Assistant Secretary--Indian Affairs for Operations instructed the Director of the Office of Indian Education Programs to take the following actions:

- Ensure priority placement for SIPI students at Haskell Indian Junior College and the Institute of American Indian Arts.

- Assign top priority to providing assistance to SIPI students in transferring to adult vocational training programs.

- Notify students of SIPI's closure by April 1, 1982, and provide placement counseling to each student.

The Bureau is currently in the process of identifying vacancies by program in each of the tribally controlled community colleges and Haskell Indian Junior College. For those SIPI programs which are not provided at other facilities, the Bureau is investigating the transfer of SIPI equipment to nearby schools.

Staff and Facility

The February 18 1982, memorandum directed the Albuquerque Area Personnel Office to develop a plan for personnel actions. This plan will address the types of assistance to be provided to employees in finding new jobs. All employees will be notified in writing of a reduction-in-force by March 30, 1982, and will be separated or placed in other jobs by June 15, 1982.

The Albuquerque Area Director and the Deputy Assistant Secretary for Operations have designated individuals who are responsible for the administrative aspects of the SIPI closure including: personnel, property, equipment, supplies, administration of IMPL funds and the disposition of real property. These tasks will be accomplished in accordance with Federal regulations.

Cost Savings

The budget projects a savings from closing SIPI of $2,428,000 in educational expenses.

FOSTER HOMES

Senator ANDREWS. The gist of what I'm trying to suggest is that in this hearing, developing as we did the fact that the Bureau of Indian Affairs, as of last week, had made no contact with local schools, or back to the reservation as to where they could locate these children—foster homes—in fact, we had testimony.

There are no foster homes back on these specific reservations. I would suggest very strongly that these schools remain open for another year and be funded for fiscal 1983, while the BIA really looks at the options, if there are any.

I would suggest you have your staff take a close look at the testimony. It was some of the most surprising testimony I've seen in the years I've been here, and I'm sure it doesn't represent the quality of research, the quality of background information that you've tried to establish as I understand the way you've conducted the Department of the Interior, and you've done a darned fine job.

Secretary WATT. Thank you, Senator Andrews. Your comments are fair. After talking to you about this problem and the Garrison problem last week, I talked to Ken Smith about that. He was very apologetic.

He said he did not present proper testimony, and he was embarrassed at what he did present, and will be coming back to you with some good work, I trust.

Senator ANDREWS. I would hope, Mr. Secretary, that he could pass any information on this to the schools involved as rapidly as possible, so that the children, after all who are the reason for these schools, don't have their lives and their futures disrupted by the capricious way that this matter was handled. I think he was as surprised as we were.

Secretary WATT. Yes, he was. Your comments are entirely fair and proper.

Senator ANDREWS. Thank you, Mr. Secretary. Thank you, Mr. Chairman.

Senator MCCLURE. Senator Burdick.

LAND AND WATER CONSERVATION FUND

Senator BURDICK. Mr. Secretary, I'd like to clarify this Land and Water Conservation Fund. After all, the chairman and you and I were kind of godfathers of this at one time.

Where are we going with it?

Secretary WATT. State side, Federal side, or both?

Senator BURDICK. Both.

Secretary WATT. OK. Let's start with the Federal side.

This is a marvelous program. The Land and Water Conservation Fund program is one of those programs that many of us have been deeply involved in, as you suggest, and it's a program that has never had a scandal, has never had bad investments—it's a good program.

On the Federal side, we simply need to try to curtail the cash flow, and put Federal expenditures into control. That's why we've asked for the significant cutback in acquisition funds.

We have overextended the ability of the National Park Service to take care of the park system. Until we can build that back up and start being good stewards and take care of what we have, we shouldn't be acquiring more land.

So I'm hopeful that if we build up the capability to take care of what we have, and our economic situation is more secure, we will go back to acquiring the needed lands, exchanging Federal lands, buying easements, and so forth.

We still find a tremendous record on the State side of great accomplishment, and one in which I have great personal pride, because of my years of involvement in it. But we find that State and local governments are experiencing the same problem as the Department of the Interior.

They have not been able, in many instances, to generate enough local cash to take care of the current parks, so there's been a slowdown in moneys made available to manage the Federal funds for acquisition and/or development.

And therefore, as I pointed out, we have a $572 million account in the U.S. Treasury, sitting there waiting to be spent when they can match those funds.

Last year—I'm talking about January 31, 1981 to January 31, 1982, the States spent only $118 million out of nearly $700 million that they had to start spending. I'm disappointed in that, because we need recreation in America. But they don't have the ability; they need money for operation and maintenance.

So until we can have their economic situation stimulated, there's really no need for me to come to this committee and say: please appropriate more money for the State side, because they can't properly utilize it now.

Again, I need to put in this caveat. I know, Senator Burdick, that you fully understand what I'm saying, but I don't want the record to be confused.

Some States can spend all the money they've been given, and they would like to have more money. The unfortunate situation, the inequity, is that those States which need the recreation opportunity more than the others are the ones that can't afford to take care of what they now have.

So to pour more money in indiscriminately would benefit States that don't need it as much as the States that do need it.

Senator BURDICK. Now, you said that the 1983 funds will be $69 million?

Secretary WATT. For the Federal side, yes.

LWCF STATE GRANT PROGRAM

Senator BURDICK. And there'd be nothing for the State side?

Secretary WATT. That's right. Now, I'm being advised here that in the State of North Dakota, there's $2 million that have been appropriated by Congress and obligated by the State to different projects, but not spent. That's as of December 31, 1981.

Senator BURDICK. I've been told that it's all obligated. Is that right?

Secretary WATT. Yes, that is obligated. There's $94,000 unobligated, which is really nothing, and then there's $2 million obligated but not spent.

Senator BURDICK. In other words we can look at this again next year, can't we?

Secretary WATT. That's my recommendation.

Senator BURDICK. Thank you.

Senator MCCLURE. I might just note that when that was zeroed out last year, we went to the trouble to make formal the expectation that it was not the end of the program, but a 1 year's pause in the program.

We'll have to take a very careful look at it again to see if that pause is justified. And again, I'm quite certain that if it is, and that's the ultimate decision of the Congress, we will again go to the trouble to point out that that's not the end of the program, that we expect that there is a future to this program.

Secretary WATT. Thank you, Mr. Chairman.

Let me underline that. I'm being redundant, but again, based on questions I get on the House side, I see that people are out there distributing information that is not accurate on this point.

The administration would expect that we would fund the land and water conservation State side in future years. We are not seeking to terminate that at all. So I'm supporting your statements entirely.

Senator BURDICK. Mr. Chairman, just one more question.

I would like you to supply me with a list—not in my State in particular—of the obligated but unexpended funds from the State side of the Land and Water Conservation Fund, and of obligated funds which are multiyear projects, which funds have already been committed.

Secretary WATT. We have that information from all the States, and maybe it would be beneficial, Mr. Chairman, to put it in the record.

Senator MCCLURE. I think that would be helpful. That will be made a part of the record at this point.

[The information follows:]

The following list identifies by State the amount of obligated but unexpended funds as of January 31, 1982. We do not list commitments made by State to multiyear projects since these do not represent Federal commitments.

GRANT-IN-AID APPORTIONMENT REPORT

State	Federal share of approved projects[1]	Fund expense paid[2]	Advance outstanding[3]	Balance of approved projects[4]
Alabama	$44,101,229.20	$38,592,729.93	$457,892.75	$5,050,606.52
Alaska	23,745,150.67	18,822,929.61		4,922,221.06
Arizona	38,503,859.64	32,242,760.71		6,261,098.93
Arkansas	33,664,297.84	29,261,869.18		4,402,428.66
California	193,584,404.45	145,509,355.24		48,075,049.21
Colorado	40,785,174.61	31,665,608.94		9,119,565.67
Connecticut	44,683,571.15	31,690,871.44	165,653.91	12,827,045.80
Delaware	25,305,148.03	20,126,030.39	1,450,000.00	3,729,117.64

See footnotes at end of table.

GRANT-IN-AID APPORTIONMENT REPORT—Continued

State	Federal share of approved projects[1]	Fund expense paid[2]	Advance outstanding[3]	Balance of approved projects[4]
District of Columbia	$12,106,963.93	$8,390,997.53		$3,715,966.40
Florida	79,933,817.44	68,290,899.90		11,642,917.54
Georgia	55,000,599.97	44,871,439.99	$73,294.50	10,055,865.48
Hawaii	26,176,264.57	23,184,898.44		2,991,366.13
Idaho	26,895,513.06	22,281,449.70	215,230.99	4,398,832.37
Illinois	113,070,217.50	96,185,062.57	218,000.00	16,667,154.93
Indiana	59,042,482.04	49,966,772.84	216,365.35	8,859,343.85
Iowa	37,804,730.41	34,833,655.52		2,971,074.89
Kansas	35,220,810.59	31,219,527.09		4,001,283.50
Kentucky	40,275,966.36	32,758,865.34		7,517,101.02
Louisiana	50,491,159.14	44,229,207.49		6,261,951.65
Maine	22,516,999.67	19,520,727.04	.04	2,996,272.59
Maryland	56,349,622.09	37,154,003.26		19,195,618.83
Massachusetts	70,123,000.27	49,758,529.54	35,287.50	20,329,183.23
Michigan	92,390,531.21	72,982,369.26		19,408,161.95
Minnesota	49,945,673.42	39,769,373.76		10,176,299.66
Mississippi	32,006,997.58	26,254,180.47		5,752,817.11
Missouri	60,892,804.25	55,238,193.82	10,500.00	5,644,110.43
Montana	26,553,820.93	24,465,445.46	36,354.39	2,052,021.08
Nebraska	31,434,201.83	28,637,875.79	90,594.67	2,705,731.37
Nevada	26,730,061.74	23,710,893.49		3,019,168.25
New Hampshire	24,494,265.24	19,623,082.16	180.00	4,871,003.08
New Jersey	87,208,571.16	59,553,740.74		27,654,830.42
New Mexico	28,270,259.94	25,685,503.61		2,584,756.33
New York	171,702,549.69	112,673,301.12		59,029,248.57
North Carolina	51,760,758.31	42,103,010.73		9,657,747.58
North Dakota	24,104,637.18	21,780,258.85		2,324,378.33
Ohio	106,701,490.27	82,976,092.79	250,000.03	23,475,397.45
Oklahoma	38,417,588.85	32,766,956.17		5,650,632.68
Oregon	40,624,366.34	34,402,204.52	1,000,000.00	5,222,161.82
Pennsylvania	120,577,794.21	94,116,189.10		26,461,605.11
Rhode Island	27,655,888.58	20,508,293.60		7,147,594.98
South Carolina	39,912,681.98	35,171,638.49		4,741,043.49
South Dakota	25,556,839.00	23,829,075.45		1,727,763.55
Tennessee	49,537,335.43	41,332,174.98		8,205,160.45
Texas	114,867,638.90	91,953,959.62		22,913,679.28
Utah	33,963,189.68	31,862,641.24		2,100,548.44
Vermont	22,495,553.69	18,058,502.83		4,437,050.86
Virginia	56,107,641.28	44,417,340.50	49,032.60	11,641,268.18
Washington	47,706,135.55	39,868,343.72		7,837,791.83
West Virginia	31,276,021.53	26,366,454.16		4,909,567.37
Wisconsin	53,631,613.93	45,483,975.04		8,147,638.89
Wyoming	23,399,487.81	20,273,218.60		3,126,269.21
American Samoa	706,173.43	580,928.43		125,245.00
Guam	1,181,486.73	837,418.73		344,068.00
Puerto Rico	24,760,285.93	18,588,237.56		6,172,048.37
Virgin Islands	1,409,253.12	1,042,350.73		366,902.39
Total	2,697,364,581.35	2,167,471,417.21	4,268,386.73	525,624,777.41

[1] Federal share of approved projects—total amount of dollars obligated to projects.
[2] Fund expense paid—amount of money actually outlayed to States.
[3] Advance outstanding—advances which have not been billed.
[4] Balance of approved projects—funds obligated but unexpended.

MOTIVES OF CRITICS

Senator BURDICK. Thank you.

Senator McCLURE. Senator Leahy?

Senator LEAHY. Thank you, Mr. Chairman.

Mr. Secretary, before I go on to other questions, I'm still somewhat confused by your first statement.

Do I understand you to say that you feel that the attacks on your positions have been motivated by greed?

Secretary WATT. I should never attribute all the motives of all the critics——

Senator LEAHY. What percentage?

Secretary WATT. A percentage is motivated by that.

Senator LEAHY. Eight?

Secretary WATT. "A" percentage, not "eight."

Senator LEAHY. I understand. Would you have felt that before you were in the administration, when you were very active in legal procedures, to attack positions of the Interior Department. Was that motivated by greed, or was that motivated from a higher, more altruistic need?

Secretary WATT. I dealt in the courts, and if I may presume where you're going in your question——

Senator LEAHY. I'm not going anywhere. I just want to understand what you're saying.

Secretary WATT. Senator Huddleston asked the question about drilling in the parks. You read about that frequently—not you personally, but it's in the documents of critics who are talking about it all the time.

I've never proposed that; it's against the law, it's against my personal ethic. I would never propose it.

Yet it continues to be printed, and other things continue to be printed, such as terminating the Land and Water Conservation Fund. That's why I'm trying to restate this on the record again and again, so that the record is clear for anybody who wants to look at it.

It's abundant, it's frequent, and it's clear. What motivates people to print the other material is speculation on my part, and I speculated about one of the dimensions that I think it is.

Senator LEAHY. Do you agree?

Secretary WATT. I'm not going to try to prove it. I see that they are making substantial money, they brag about it, and they do it with information that is not accurate.

WILDERNESS PROPOSAL

Senator LEAHY. On "Meet The Press" recently, in just the last couple of weeks, or last week, you said wilderness areas—I believe this is a correct quote:

> We think these special lands should be preserved in an active state.

As I recall, although I was not in Congress at the time the Wilderness Act of 1964 was put in—this act was a compromise, in a way. It was to allow 20 more years—up to 1983, in return for wilderness in perpetuity thereafter.

Even before we reached the time envisioned by that compromise, however, you wanted to remove that from your legislation. You wanted to remove that "in perpetuity" designation; is that correct?

Secretary WATT. I think that's right. But I spoke to this a little earlier, Senator.

Senator LEAHY. You did. I just wanted to make sure I understood.

Secretary WATT. Let me rephrase it, so we can understand that.

There is no action of Congress that can bind subsequent Congresses, so there is no such thing as putting a tract of land in any designation forever and ever by prohibiting Congress to ever revisit that. I think that the legal reality is that Congress can always revisit any issue.

And so I'm suggesting that as technologies and as needs and as values change, Congress should look at those situations, as they have every right to do. And that's why I'm suggesting that for right now we are in a position to say there's enough other values that we can get by for this next generation. Let subsequent generations set their own values.

Senator LEAHY. What you're suggesting is that we invade that provision, even before the time envisioned by the compromises has run out—a year before.

Secretary WATT. That is correct. By "invade," I'm suggesting that the law be changed to prohibit leasing or mining 1 year before it would normally run out.

Senator LEAHY. But after having the leasing for nearly 20 years, it was kind of a quid pro quo to get the wilderness in perpetuity.

You say we'll cut out 1 year of that, but then we'll cut out the perpetual wilderness. Might not an argument be made: That we should see what generations in the year 2000 might want to do, and if they feel the need, go for that change. But at least give the wilderness a chance to exist for as long as we're allowed the drilling or leasing.

Secretary WATT. I think that's exactly what I'm proposing.

Senator LEAHY. Wouldn't then your proposal be about 17 years, 18 years early? Why pass it now? Why even propose that? Even under your legislation, even before the year 2000; the President only needs to find urgent national need, and he could allow leasing, could he not?

Secretary WATT. That is the situation in Alaska, with 56 million out of the 80 million acres now.

Senator LEAHY. I'm talking about the legislation you've proposed. We can fight out the Alaska wilderness bill for several years here, but under what you're proposing now—even in 1985 the President could step in, declaring urgent national need. Is that correct?

Secretary WATT. That's correct.

WILDERNESS ISSUES

Now, let me pursue the line of reasoning that I've followed.

You fought out the Alaska wilderness, or the Alaska lands issue, which includes the wilderness issues in Alaska, which is 56 million acres of the 80 million acres in wilderness. So, I thought that is the parallel we ought to follow, and with a slight deviation that's easily understood, I followed that formula in my recommendations.

I thought if Congress worked it out and it was good enough in 1980, then maybe it ought to be considered in 1982 for the rest of the wilderness areas.

Senator LEAHY. Could I just "devil's advocate" that a little bit? Might not the Members of Congress who did that—might not they have been doing that keeping in mind what they'd done in 1964, and assuming that that part was sacrosanct, we could make some change in Alaska, not with the idea that we're suddenly, as soon as Alaska was done, be hit with some new changes from the 1964 act?

Secretary WATT. That might have been their reasoning, and we'll see if Congress responds to my proposed suggestion.

Senator LEAHY. How do you feel about—or how would you respond to—you've given this loophole to the President. He's stepped in, in effect; you're greatly weakening the 1964 act.

Secretary WATT. I don't share that view at all.

Senator LEAHY. Why not?

Secretary WATT. It does not weaken the 1964 act.

Senator LEAHY. If the President could simply step in and do that, you don't see that as weakening it?

Secretary WATT. I'm not proposing that he can, quote: "simply step in and do that."

Senator LEAHY. What are you proposing?

Secretary WATT. I'm proposing that if there's an urgent national need, the President would make that national need known to the Congress of the United States and they could act upon it, if they did not share that view.

Senator LEAHY. Not quite. As I understand your proposed legislation, they would have 60 days to vote totally contrary to the President. The President, who's already made the determination he wants to go the other way, could then veto whatever, if they were to oppose him on it, and thus in effect to oppose the President on that, it would need a two-thirds vote of both Houses of Congress.

Is that not correct?

Secretary WATT. I think that's right. If the literal language of my proposal were adopted by the Congress.

NEW WILDERNESS BILL

Senator LEAHY. In Vermont, my own State, we've been working with several groups for the past several years to reach a consensus on the wilderness. We've been working with the Governor, with the other two Members of Congress, and myself. I mention this knowing that you're going to Vermont soon, and to give you just a little bit of the history. Your bill would immediately release for development lands of preferred study.

That's the category of the lands in Vermont we're talking about would follow.

Secretary WATT. That is not true.

Senator LEAHY. Your bill would not immediately release the lands as recommended for further study?

Secretary WATT. Absolutely not.

Senator LEAHY. Do you have any legislation that would do that? Have you proposed any legislation to do that?

Secretary WATT. No; let me correct the misunderstanding that exists there.

I'm saying that lands that are identified for further study—you're talking about Forest Service lands in this sense, I presume. If they are for further study, they should be further studied, and if the determination is subsequently made that they are unsuitable, or if Congress does not act on them by January 1, 1988—6 years from now—they would then revert to multiple use, or to the prior designation that they were given prior to their being managed for wilderness during the period of the further study.

Senator LEAHY. So you do not propose to open them now?

Secretary WATT. Of course not. And that was very clear in my proposal. Again, people try to confuse my proposal.

The proposal is that wilderness areas and study areas would be closed to access, and that was clearly stated on "Meet the Press;" it's clearly written in the act, and again I find people trying to confuse the issue.

Senator LEAHY. That's why I'm asking these questions, Mr. Secretary, so you can make sure that the matter is very clear.

Secretary WATT. I hope it's clear now.

Senator LEAHY. I may have a couple of little followup questions. [Laughter.]

CHANGES TO WILDERNESS PROPOSAL

Senator LEAHY. I understand the legislation is undergoing some redrafting; am I correct in that? Or is that also just a misunderstanding perpetuated by the press?

Secretary WATT. The legislation has been introduced.

Senator LEAHY. The legislation as it now stands, you're talking about Lujan's?

Secretary WATT. Lujan, yes.

Senator LEAHY. We Vermonters are just small-town boys, and trying to cope here in the big city. [Laughter.]

Secretary WATT. We poor country lawyers. Yes; I know the line.

Senator LEAHY. Now, that legislation, as it is introduced, is your legislation?

Secretary WATT. We prepared that legislation. Now, on the Senate side——

Senator LEAHY. And you do not anticipate any changes, or you are not now proposing any changes to the Congress in the legislation?

Secretary WATT. No.

Senator LEAHY. And you would be happy to see it passed as it is? As it is now, it states your position?

Secretary WATT. Yes; and I think that on the Senate side, there are some Senators who are considering introducing a bill that is similar in nature. I've got to back up, because I'll be tricked on that answer.

Senator LEAHY. I'm not trying to trick you, Mr. Secretary, at all.

Secretary WATT. No; you aren't. There is one change that needs to be made in the Lujan bill; it's an oversight that we did not catch, but some of the Senate staff did. Senator McClure's staff caught it, so I've got to amend my answer. I wouldn't want it passed exactly like it is now.

Senator LEAHY. What is the change that you want?

Secretary WATT. I'm told by Senator McClure's staff that we missed some language, because we said that there could be further inventory evaluation in wilderness areas, and that could be interpreted to mean that you could have further inventory evaluation in wilderness in parks, and the parks are inviolate. They're not to be approached.

So, I wouldn't want the Lujan bill passed as it is, because I do not want mining, timbering, or drilling in the national parks.

Senator LEAHY. Are you going to propose, then, that the Congress put on a change in that area?

Secretary WATT. We would. At that hearing we would propose a change there.

Senator LEAHY. Would you be kind enough to send me a copy of the change you proposed?

Secretary WATT. Fine. Now, some Senators may introduce a companion bill of similar nature. They'll probably make some changes in this bill. It was not in the administration bill.

Senator LEAHY. But with this one change, it doesn't bother your position?

Secretary WATT. I don't think so. But there may be others; that's why we have a hearing process. That's why we submit its recommendations, and it could be that some Senators and Congressmen will come up with some wise additions and recommendations on it, and we would of course be able to accept those as well.

Senator LEAHY. I'm sure I've gone over my time, Mr. Chairman, but I do have one other question on this.

Senator MCCLURE. Go ahead.

OPENING WILDERNESS TO FEDERAL DEVELOPMENT

Senator LEAHY. I want to fully understand the intent of your proposed legislation. Under it would the wilderness system be automatically open to Federal development in perpetuity in the year 2000?

Secretary WATT. I would not expect so. I would expect Congress to extend it, like any other act that expires in a certain period of time.

Senator LEAHY. But under the way the law is now written, would it? Under the law as you proposed it, or as you support it, would it not automatically be open to mineral development in perpetuity in the year 2000?

Secretary WATT. I would never use the words "in perpetuity." I do not believe that Congress should ever say that anything is in perpetuity. That's why we have another congressional body.

Senator LEAHY. Would it open it in the year 2000?

Secretary WATT. Yes; I think that it would. I would not expect that it would, and I would not expect that the leaders at that time would allow it to, and we wouldn't recommend it.

Senator LEAHY. As drafted, unless they made the changes discussed here, the national park and wildlife refuge wilderness would be open to mineral development in the year 2000; is that not so?

Secretary WATT. We would not support that position.

Senator LEAHY. Thank you, Mr. Chairman.

Senator McCLURE. Thank you. Senator Burdick?

UNITED TRIBE EDUCATION AND TRAINING CENTER

Senator BURDICK. One question I forgot to ask: What is the status of the United Tribe Education and Training Center in Bismark? I'm dying to find out whether or not you're going to fund that.

Secretary WATT. I simply don't know. I'll get that for the record. I have no idea.

Senator BURDICK. I want to know what the numbers are for 1982 and 1983.

Secretary WATT. We'll be glad to supply those.

Senator BURDICK. Fine.

Senator McCLURE. It will be made part of the record when received.

[The information follows:]

UNITED TRIBES EDUCATIONAL TECHNICAL CENTER (UTETC) FUNDING

The United Tribes Educational Technical Center (UTETC) will be funded during fiscal year 1982. Their fiscal year 1982 budget is $1,056,000.

The tentative fiscal year 1983 amount for UTETC is $560,000. This amount was determined through program priorities established and ranked in priority order by the Aberdeen area office. The reduction is the result of only the minimum program package amount for UTETC being ranked within the target funding allowance established for the Aberdeen area office.

MINERAL DEVELOPMENT ON PUBLIC LANDS

Senator McCLURE. Mr. Secretary, I appreciate your remarks with respect to the proposals on wilderness. I think we need to add just one thing for the record, for those who may be listening.

There are two different forms of mineral development on public lands. One is by entry under the mining law, and the other is by leasing under the Mineral Leasing Act. The withdrawal that you have proposed for the wilderness areas applies to both, does it not?

Secretary WATT. Yes, it does.

Senator McCLURE. There's been some concern about what was meant by the term "exploration" within the wilderness. Even under your proposal, as we would indicate, we have now certain vested rights that are already vested.

I think it's worthy of notice that there are leases outstanding now—leases or mineral entries—upon existing wilderness areas. Some existed when the wilderness was created, some have been granted since the wilderness was created.

If I understand correctly, Secretary Andrus issued at least eight leases that in whole or in part are within the existing wilderness areas.

I think Secretary Morton had issued some six such leases. There are, in addition to those leases under the Mineral Leasing Act, mineral entries that have or can be made under existing mining statutes; is that not correct?

Secretary WATT. That is correct, and those property rights should be honored.

Senator MCCLURE. So we will be looking at the issues of what is a valid existing right, either under mineral entry under the mining statutes, or under the leases that have been granted by the Department at various times since 1964.

Secretary WATT. That is correct. If I might expand on that for one moment, Mr. Chairman?

You've told what Secretaries Morton and Andrus did, and we mentioned, I think, four leases issued under wilderness areas. But you know, the Watt-Andrus-Morton leases are similar in that no occupancy is allowed. That means that no one may go onto the wilderness area to disturb its wilderness values.

So that allows for slant-drilling, and we think that is wise. We think that not only should slant-drilling be allowed, but if, for example, we found a vein of gold going down under a wilderness area, or some other valuable commodity, if that can be secured without disturbing the wilderness values on top, we ought to allow it and encourage it for the benefit of the consumers of America.

Senator MCCLURE. I would assume that if it were allowed, you would also be looking at what it did to other surface effects, such as hydrologic features.

Secretary WATT. Absolutely. You would have, as we've always had in the environmental assessments and impact statements on the adjacent lands, to see what the impacts would be before you'd approve it.

USER FEES

Senator MCCLURE. Mr. Secretary, one other thing it might be well to clarify for the record today, because it's a matter of current discussion, and that is what the Department intends, what you intend, and what the administration may intend, with respect to the users' fees for these areas.

There was, last week, a false start, and a restart.

Secretary WATT. It was a bad false start.

Senator MCCLURE. And I wonder if you could state for the record what you intend with respect to users' fees?

Secretary WATT. Thank you. I owe you a personal apology again on that, Mr. Chairman. The bill that came up was totally inconsistent with our philosophy and our purpose, and we withdrew it as soon as it was called to our attention, and it caused embarrassment to us. It was inexcusable.

It was our intention to seek legislative authority to raise the entrance fees at those areas for which fees are authorized today. We're not trying to expand any fee assessment for such things as hunting on Federal lands. That's just so ridiculous, I'm embarrassed to even have to comment on it, but I do have to comment on it.

We're not proposing that. We're talking about those developed recreation areas where there's an entrance fee; we'd like to make that fair and equitable to the users.

In addition to the entrance fees, we would also like to have user fees charged for those visitors who get special service. There is a user fee charged. We'd like the entrance fees and the user fees to be set aside in a special account for the benefit of the Forest Service, wildlife refuges, and the park system, so that we can benefit the system and generate additional money.

We would expect to generate twice as much money as we are now generating at the existing facilities; we think it's good government and should be done, and we will bring back clean legislation that will not foul it up.

Senator McCLURE. I think that statement will help clarify your standing now, and we will be working with you on that issue of users' fees. It's been a matter of intense interest for some time in the Congress, and certainly in the public land areas out in the country, and we'll be working with you as we look at what is an appropriate legislative and administrative framework for the administration of entrance and user fees.

I might ask Senator Leahy and others who may be interested if they have questions with respect to the submission of the Office of the Secretary or Office of the Solicitor.

We will hear the testimony and the budget submissions with respect to both of those issues, but I admit my thought——

Senator LEAHY. If I do, I'll submit them for the record, Mr. Chairman.

Senator McCLURE. I think perhaps in view of the time, and also the fact that I've been called to attend another meeting in 5 minutes, that what we'll do is have those statements—the budget submissions—placed in full in the record, together with my introductory remarks and whatever questions may be submitted by the members of the subcommittee.

HISTORIC PRESERVATION

Senator LEAHY. Mr. Chairman, I think we've both now been called to a meeting that we have to be at within 15 minutes, but I do have one question, on historic preservation, that I would like to ask the Secretary.

Senator McCLURE. Go right ahead, Senator.

Senator LEAHY. Forgive me for making a bit of an introduction into this. I want to make sure that my exact memory is right here.

The National Park Service made a report last December entitled: "Analysis of Impact of the Federal Budget by Elimination of State Grants for Historic Preservation Funds."

The analysis concluded:

> Elimination of historic preservation funds, grants-in-aid, to States, would not reduce direct expenditures by the expected $21 million. Instead, the approach whereby the Federal Government would perform needed technical services on an in-house basis, would increase Federal costs by 18 percent, require a ten-times increase in FTE positions.
>
> The fee approach, whereby Federal agencies would perform some functions in-house, and purchase others on a pay-as-you-go basis, would increase Federal costs by 14 percent, and require 4.7 times increase in FTE positions.

Now, the report concludes:

The product which costs the Federal Government $1 under the State approach, $1.82 under the Federal approach prior to 1983 . . .

Mr. Secretary, with that report in mind, do we really justify the elimination of a program if this elimination is going to cost the Federal Government more money in the end?

Secretary WATT. I appreciate your bringing this up. I'd written down that I wanted to get to it.

We are asking for an increase of $650,000 in funding for the National Park Service, to carry out all those activities you've listed.

The Reagan tax program that Congress adopted provided a 25-percent tax credit for restoration of historic sites.

Senator LEAHY. I know; I helped draft that provision.

Secretary WATT. You were in on the earlier studies that led to it.

As a result of that, we will expect to generate, for fiscal 1983, 200 to 250 million dollars' worth of tax credits, as a result of that new act.

Now, the facts are that translatng that situation into the marketplace, we find there is more activity for historic preservation now than ever before, and the tax-credit is a tremendous subsidy to that type of activity in the economic marketplace.

Senator LEAHY. To the extent that they can get certification?

Secretary WATT. We will secure that. That's why we're asking for the increased money.

Now, for the States that need the funding—and some States need it and some don't—we do not feel that you need to give a further subsidy to that activity of $21 million, or any amount. We feel that there's such a tremendous—quote: "subsidy, tax credit" to that segment of our economy that the States ought to assess the necessary taxes or fees to carry out their responsibility under the program.

And we will meet ours, and we will increase our funding. You've cited interesting figures. That's not the way ours is written up.

Senator LEAHY. I'm quoting from the National Park Service report.

Secretary WATT. We can handle all of that.

Senator LEAHY. I'm quoting your agency, sir.

Secretary WATT. I've never read what you've read.

Senator LEAHY. I'll be glad to send you a copy. I even got this copy from your office, but I'll be glad to send you another one.

Secretary WATT. We can handle that with $650,000 in additional money. So when you're talking about $650,000 versus $21 million, or whatever it was last year, that's a big savings to the Federal Government.

TAX CREDITS

Now, we are losing substantial tax credits by about $250 million, because of the tax act, but the program is stimulated beyond expectation.

Senator LEAHY. And can continue, though, State by State, to the extent they have certification. What happens when the certification program stops within that particular State?

Secretary WATT. They have to have a certification. They have to come through the Park Service for certification, and that can be arranged for.

Senator LEAHY. If the States don't pick up the extra costs for certification, then the program pretty well dies in that State.

Secretary WATT. That would be true for that particular State, if it's not a high enough priority for the State to take care of it.

I guess maybe I happen to believe in local people; they have their own value judgments. If the State Governor or the State Legislature don't happen to feel it's important——

Senator LEAHY. Except, we're asking them to take advantage of a Federal tax break at a time when we're also asking the States to pick up an awful lot of other costs. Might it not be a case in which we accept this as kind of a national priority? If we cut out the certification, the money necessary for certification, then we'd be cutting it off.

Secretary WATT. We think the taxpayer should not further subsidize this program, either at the State or the Federal level. We think that the private sector ought to pay its own way.

We are opposed to any further subsidies. Bill Bettenberg, Deputy Assistant Secretary, knows more about this. Bill, would you comment on how the certification is handled, in order that the private sector can get their 25 percent tax credit?

TAX CERTIFICATION

Mr. BETTENBERG. The tax certification is made by the National Park Service in all instances. The States right now serve only as a screening process for that. States cannot certify. In fact, individuals can go directly to the Park Service without going through the States.

Our understanding is that in many cases the Park Service returns materials provided by the States as not having been well done, so there is a tremendous amount of work just simply in receiving materials from the States, reviewing them, and having to send them back through a middleman, if you will, for them to go back out to the taxpayer who is trying to get a credit and to get the records straightened out, and get all the documentation necessary. It is our view that this can be done more cheaply by the Park Service directly than by operating through the States.

Senator LEAHY. Are we giving them enough money to do that? I understand that in Philadelphia the office already has a 2-month backlog. Last year the Congress restored 20 million dollars' worth of certification activities. If we just cut it out, are we going to have further problems? Are they ever going to be certified?

Secretary WATT. The $21 million went to the State grant program. It didn't help the National Park Service at all.

Senator LEAHY. Could you also say we have real problems here in getting the certification done correctly?

Secretary WATT. What I am hearing him say today—Bill is a professional in the budget area—is that we would do it cleaner, cheaper, and better if the money was not passed to the States. This is the first time I ever testified before a committee on anything of this nature.

Senator LEAHY. That is why I asked the question, because I have been getting two different views on this. And perhaps, because of the question of time, Mr. Chairman, I would like to submit a number of additional questions that may be necessary, at least for some further followup before we come to that.

As you know, we ended up spending a great deal of time on this full historic preservation question, a time substantially greater than the amount of money involved would seem to imply in the budget. It may be because we do seem to have a divergence of views on this. Why don't I submit a few questions on followup, and then, with the chairman's help, maybe we might go back for that at a future time?

Secretary WATT. Our people will be super-prepared when they come before you from the Park Service. It is a great program, and it is just booming now with the tax credit, more than anybody ever dreamed it would.

[The information follows:]

TAX INCENTIVES—HISTORIC PRESERVATION

The 1981 Economic Recovery Tax Act establishes a three-tier investment tax credit (ITC) for qualified rehabilitations of older buildings. For substantially rehabilitated buildings 30 years or older a 15-percent ITC is available; for those 40 years or older a 20-percent ITC can be used; and for certified historic structures (either on the National Register, in a National Register historic district or in a certified State or local historic district) a 25-percent ITC is allowed.

It is estimated that in fiscal 1982 more than $800 million in private moneys will be spent on historic properties which qualify for the 25 percent investment tax credit, with approximately $133 million claimed as tax credits for rehabilitating historic buildings.

For fiscal 1983, the 25 percent ITC is expected to generate $200 to $250 million in tax credits.

ADDITIONAL COMMITTEE QUESTIONS

Senator MCCLURE. Thank you very much, Mr. Secretary. Our time has run out.

Senator LEAHY. Maybe we could also speed it up a little bit, if the Secretary has no objection, for me or the members of my staff speaking with your staff on this and preparing some of this material.

Secretary Watt We can send them up at your convenience.

Senator LEAHY. Thank you.

[The following questions were not asked at the hearing but were submitted to the Department for response subsequent to the hearing:]

Additional Committee Questions

OSM Reorganization

Question: Last year we went through a fairly painful reorganization effort for the Office of Surface Mining. Can you inform the Committee of the progress of that reorganization and how much you realistically expect can be saved as a result of the organizational shift?

Answer: The physical implementation of the reorganization of OSM is now complete in the Western United States. On Monday, January 11, 1982, newly established offices were opened for business in the States of Missouri, Oklahoma, New Mexico and Wyoming; the Western Technical Service Center was opened for business in Denver, Colorado; and the Regional Offices in Kansas City, Missouri and Denver, Colorado were closed.

OSM is now proceeding with the planned implementation of the reorganization in the Eastern United States. Letters confirming assignments and reduction-in-force actions have been sent to all employees in Region I, Charleston, West Virginia, Region II, Knoxville, Tennessee, and Region III, Indianapolis, Indiana, as of the week of February 1, 1982. The reduction-in-force actions involving Regions I, II and III employees who are displaced by the reorganization were effective March 5, 1982.

In Region I, three of the four States (Virginia, West Virginia and Maryland) have already attained primacy. The Regional Director and the staff who have been conducting the review of the one remaining State regulatory program (Pennsylvania) that has not been approved, have been retained for the review process. Ten additional OSM inspectors over and above those needed for the Pennsylvania permanent program have been retained to assist in interim program enforcement in this State. Pennsylvania's program approval is expected by mid-July 1982.

Similar approaches have been taken in Regions II and III where the programs of the various States are in the review and approval process. As with Region I, the Regional Directors and the staff who have been conducting these reviews are being retained in their present positions. No inspectors have been displaced in these States where OSM retains interim program responsibilities. We expect all of these States to have attained primacy by no later than July 1982.

The Eastern Technical Service Center was established as of February 1, 1982. The Administrator has been reassigned and assumed his new duties at his present location on that date. Letters are being sent by the Division of Personnel to affected Regions I, II and III employees to confirm their technical service center position assignments which they assumed on March 7, 1982.

The Eastern Technical Service Center is open for business with all Region I employees physically relocated. Those employees from Regions II and III who are not required for processing State programs are also being physically relocated to the Eastern Technical Service Center. Regions II and III employees who are required for processing State programs will be physically relocated as their role in the review and/or approval process is completed. Determination of who is necessary for processing State Programs will be made by the

Regional Directors and the Technical Service Center Administrator.

Personnel savings plus additional economies resulting from concomitant reductions in telephone services, radio equipment and office rent bring total anticipated yearly savings to $5.3 million beginning in Fiscal Year 1983, after full implementation of the reorganization.

Question: Are you having as much trouble filling the positions in Casper, Wyoming as many suggested you would?

Answer: No. Of the thirteen positions in the Casper, Wyoming State Office, eleven have been committed to personnel who are currently employed by OSM. The remaining two positions are both clerical, are being advertised locally, and will be filled with no difficulty.

Mineral Institute

Question: With regard to the Mineral Institute program, I am frankly disappointed that the Department and OMB decided to once again propose zero funding. You indicate funding is being terminated because they are not "uniquely Federal and other sources of public and private support should be available to them." The same thing can be said for over 50% of this country's budget, yet we fund many things because we believe the Federal government has at least some role to play. It seems to me Federal grants made to the Institutes for continued mining research is really no different than cooperative agricultural research funds going to our land grant institutions. And it seems to me that the slightly over $9 million support for this program is a modest price to pay considering the potential return in terms of educating the geologists and mining and minerals engineers this nation so drastically needs.

I do, of course, understand that organizational problems may exist in the program, and for this reason the conferees of the FY 1982 Interior Appropriations Act required the Department to review the program and suggest possible organizational changes. What is the status of that review and what option or options appear to be in the "front running?"

Answer: With respect to organizational changes the Congress appropriated the fiscal year 1982 funding to the Bureau of Mines, instead of the Office of Surface Mining. On February 1, 1982, by Secretarial Order, the Department of the Interior transferred responsibility for the Mineral Institute Program to the Bureau of Mines. In response to the direction to the Department contained in the Conference Committee's report on the FY 1982 budget, the Advisory Committee was summoned and met in a 2-day session on January 21-22. The Advisory Committee made three recommendations:

1.) That the number of Institutes not be reduced during FY 1982.

2.) That steps be commenced in FY 1982 so tha the Institutes would be consolidated by establishing four or five "Centers of Generic Mineral Technology." These Centers would concentrate attention on basic research which is needed to improve productivity in the mineral sector of the economy by investigating areas of technology that promise to convert uneconomic resources into valuable reserves and/or to make more efficient use of domestic minerals.

3.) That the Bureau of Mines and other federal and State entities make the fullest use of the Mineral Institutes before funding mineral technology projects at other colleges and universities.

These recommendations were approved by the Secretary and were transmitted to the Committee on March 12, 1982. Projects to be funded at the Centers would be longer-term, higher risk research that a single company would be unwilling to undertake alone.

Educating sufficient numbers of geologists and mining and minerals engineers is a legitimate concern. However, we believe educating a sufficient number of people in those areas does not require continued federal funding for the Mineral Institute Program.

OCS Leasing Program

Question: You mentioned in your statement that you expect FY 1983 receipts of $18 billion from OCS leasing, an increase of over 56% from the projected $7.9 billion FY 1982 level. Others such as CBO have indicated this level is overly optimistic and that receipts will more likely be on the order of $13 billion. Was the $18 billion figure in fact based on the most optimum of circumstances? Please elaborate. Assuming the worst case, what is the very least amount of OCS receipts expected to be collected during fiscal year 1983?

Answer: The $18 billion figure was based on a set of assumptions that we viewed as conservative but realistic. Thus, for example, our estimate of $13.2 billion in bonus as a part of that $18 billion figure was based on consideration of the following discount factors for each sale scheduled to be held: Probability that the sale would not take place as scheduled, possibility that the sale would not offer for sale all the resources estimated, possibility that all resources would not be bid upon for one reason or another, and possibility that accelerated leasing may increase the firms' cost of borrowing. Thus, our estimate was not based on the most optimum of circumstances.

Assuming the worst case (no sales in FY 1983, no releases from escrow, and a drop of oil prices to $25.00 per barrel) estimated receipts would be $2.987 billion.

Question: The energy leasing programs of BLM, including Outer Continental Shelf activities and on-shore activities such as coal, oil shale, geothermal and tar sands, are projected to increase substantially in 1983 and beyond, when measured in terms of acres under lease. What happens to energy materials production off of lands under lease in 1983 and 1984 as a result of these leases?

Answer: In virtually all cases, the development time between lease issuance and production exceeds three years, even under optimal conditions. Thus, production from FY 1983 energy leases could not begin before 1986. Many, if not most, leases will not begin to produce for 6-10 years, if they produce at all. The table below contains some indicative timeframes from leases to be issued by BLM for common energy resources in Fiscal Year 1983.

Energy Resource	FY 1983 Estimated BLM Workload Output (leases)	Average Acreage Per Lease (acres)	Indicative Lag Time From Lease To Production (years)	Conditions
Onshore and gas	30,000	2,200	3-5	Only about 10% of leases are drilled
Coal	97	1,500	3-10	Normally about 6-8 years
Offshore oil and gas	1,800	5,700	5 (Gulf of Mex.) 8 (newer areas) 10-12 (Alaska Offshore)	Varies by areas
Geothermal Steam	1,400	1,800	5-10	Varies by area
Oil shale & tar sands	1-5	5,000	5-15	Varies with energy prices and demand

The lag times shown in this table indicate the importance of initiating the leasing as soon as possible in order to meet the national energy needs of the late 1980's and early 1990's.

Range Improvements

Question: On Page 7 of your testimony you indicate that for fiscal year 1983 "livestock operators will assume to a greater extent the responsibility for the cost of maintaining range improvements." Please elaborate for the record just exactly what the Department has in mind in this regard. What is the Department's policy with respect to ownership and other rights of permittees who invest their own money in range improvements?

Answer: The Department's policy will be to assign greater maintenance responsibility to livestock operators. This will be done by agreement, whenever possible. However, maintenance by the operator can and will be required if necessary. We have, in the past, spent an average of $3.5 million per year in Federal funds for maintaining rangeland improvements. We have initiated new policies that would reduce this figure by about 80 percent by having operators assume the maintenance on structures and BLM perform non-structural maintenance (seedings, burns, etc.). These policies would, in turn, free-up Federal funds that can then be used for new rangeland improvements. We believe this is a valid and much needed change in that the grazing fee charged ranchers who graze livestock on the public land contains a credit for maintenance of rangeland improvements (i.e., the grazing fee would be higher if this maintenance credit were not considered when computing the annual grazing fee). In initial meetings with leaders of the industry, we have found them to be generally receptive to this change.

Ranchers who invest in maintaining existing improvements or constructing new improvements are rightfully concerned with security for their investment. Security for a rancher is tied directly to the condition of the rangelands. The better the range condition, the more secure the permit to graze on those rangelands. The reason investments from ranchers are encouraged is to improve rangeland conditions. Also, if a rancher contributes to rangeland improvement practices, whether it be in the form of money, labor, or materials, that rancher is more likely to be even more interested in total management and improvement of those lands. This should foster better relations and ultimately result in better land stewardship.

Private investments for improving the public rangelands are protected in several ways. Should a cooperator, through no fault of his own, lose the use of an improvement, he is entitled to be reimbursed for the value of his interest in that improvement. Secondly, when additional forage is available, preference is given to allocating that forage to operators who have contributed toward making the land more productive. Also, in cases where an operator furnishes the entire cost of an improvement, that operator can receive title to that improvement and can sell the interest in that improvement should the lease be transferred. Title to the improvement, however, does not grant any title to the land, nor does it convey any right to a grazing lease. In summary, we believe our regulations and policy safeguard an operator's investments. We hope the incentives that exist will encourage the livestock operator to participate not only in maintaining and constructing rangeland improvements, but as partners in total rangeland management.

Payments-In-Lieu-of-Taxes

Question: Mr. Secretary, the 1983 budget requests only $45 million for the payments-in-lieu-of-taxes program, down $50.5 million (-53%) from the 1982 enacted appropriations. You have coupled that budget request with a legislative proposal to reform the formula for payments to counties in an attempt to take into consideration other Federal revenues, such as mineral receipts. You had a similar legislative initiative last year but you were not able to revise the formula satisfactorily. What progress has been made and why do you think you will be able to find a satisfactory formula?

Answer: Proposals to revise the PILT program are still under review within the Department. At this time, specific aspects of the revisions to be proposed have not reached a final decision stage.

Question: Other Federal payments to counties (such as timber receipts) are likely to be down this year, as they were last year, and that means that counties will be increasingly dependent on PILT payments. However, your 1983 budget request reduces PILT funds by over 50%. How do you reconcile your reduced level of PILT funding with the knowledge that counties will need those payments even more in 1983?

Answer: It is assumed that there will be an increase in the mineral leasing payments to the States which would offset the PILT decrease. Mineral leasing payments to States in FY 1981 accounted for 75.5 percent of the Bureau's total payments (excluding PILT). While timber receipts are down, this will only affect the payments made to Oregon.

Land and Water Conservation Fund

Question: Why are no FY 1983 funds requested for States under the Land and Water Conservation Fund? While Congress did not provide funding in FY 1982, it is our intention to very carefully consider providing funds in FY 1983. A strong case was made in FY 1982 for a one-year lapse in funding, in light of prior year funding and expenditure rates, but a multi-year moratorium was not intended. What is the current expenditure status of the State grants program?

Answer: The Administration has again recommended no funding for the State-side of the Land and Water Conservation Fund for fiscal 1983 due to the overall need to reduce Federal spending and decrease the size of the Federal deficit. Essentially, in order to control Federal spending, reductions are required in a number of programs which previously received Federal support.

As of January 31, 1982, the unexpended balance of the State program totalled $549.3 million. We anticipate that the total amount expended in fiscal 1982 will total $267.8 million.

Question: Your proposals for Federal Land and Water Conservation funding for 1983 are aimed primarily at paying off outstanding court awards and deficiencies rather than at continuing consolidation of authorized areas of new acquisition starts. We frequently hear arguments made against that strategy on the basis that some very valuable and desirable properties might be lost forever to the National Park or refuge system. Do you know of any specific cases where that might be the case? Assuming that the deficiency strategy is funded in FY 1983 at the requested level of $61.9 million, do you intend to continue that strategy into FY '84 and '85 and, if so, at what funding level? What are the total estimated deficiency awards, by project, that are in the courts now?

Answer: All privately owned land within the National Park Service is subject to adverse use. We have no information that any valuable or desirable private properties will be lost forever if not acquired in fiscal year 1983.

Our first priority for fiscal year 1983 and fiscal year 1984 will continue to be to pay off outstanding court awards and deficiencies.

The total deficiency awards outstanding today are as follows:

Big Cypress N. Preserve	$2,030,000
Big Thicket N. Preserve	2,800,000
Cape Cod NS	2,562,750
Sleeping Bear Dunes NL	2,700,000
Voyageurs NP	275,000
	$10,367,750

Closing of Fish Hatcheries

Question: Mr. Secretary, your budget request for FWS anticipates transferring or closing 31 fish hatcheries, or 35% of the total fishery system. Why were these selected?

Answer: The Department supports a Federal hatchery system to fulfill major Federal responsibilities. We believe those responsibilities include interstate and international fisheries, such as anadromous and Great Lakes resources; fisheries on Indian reservations; mitigation fisheries management; and work on threatened and endangered species. Hatcheries which did not contribute half or more of their output to those management categories, based on FY 1980 fish distribution data, were considered lower priority within the system and proposed for closure. Of the 31 hatcheries listed, 24 are proposed for closure on that basis. Much of the output from these units has been used to assist States in management of fisheries on State-owned and managed waters or, to a very limited extent, on privately owned lands, such as farm ponds. We believe fish production for these purposes is a State responsibility. Seven other hatcheries are proposed for closure because of the condition of facilities or marginal water supplies. It is appropriate, especially during a period when only limited funding is available, to continue to operate such stations in which major capital investments would be required in order to receive resource benefits.

Question: What do you anticipate will happen to those facilities?

Answer: The States will have an opportunity to acquire these facilities, either under regular GSA disposal procedures or through lease arrangements with the Fish and Wildlife Service. Two States, Ohio and North Carolina, have already indicated interest in acquiring the Hebron, Senecaville and McKinney Lake hatcheries scheduled for closure. The Cherokee Indian Tribe has also indicated interest in the hatchery at Walhalla, South Carolina. There are some instances where reversionary clauses in prior land donations, ownership of the land by another Federal agency, or original land acquisition authorities will enter into disposal considerations.

Question: What economic impact will occur in those affected states and counties if the state does not assume operations of facilities and how do those impacts compare to the savings you've projected?

Answer: The first potential impact on counties would be loss of revenue associated with payments in-lieu of taxes. The total amount of Fish and Wildlife Service payments, if the Administration's current proposal is adopted, would be about $10,000. A second impact would be loss of annual payroll at the local level, if operations are not assumed by the States. We estimate that nearly 70 percent of costs incurred in operating hatcheries are for salaries and benefits. So, the net potential loss might be in the area of $1.7 million nationwide, assuming a third of the payroll dollars are withheld for various purposes. If operations are not assumed by the States, there would be loss of economic return to the States from the fishing effort presently supported by the fish stocked from Federal hatcheries to be closed. It is difficult to quantify such a loss because the Service will attempt to offset part of the stocking loss, especially in waters on Federal lands, by redirection of current fish distribution schedules at retained units. It is anticipated that the States will also attempt to meet their responsibilities for stocking of waters owned and managed by them by increasing production in their state hatchery systems.

Transfer of BIA Day Schools in Alaska to the State

Question: The fiscal year 1983 budget proposes the transfer of all BIA day schools in Alaska to the State of Alaska. Part of the justification for this action is that the Alaska State Constitution requires the education of all children within the State. We have been unable to locate any State where such a provision is not part of its constitution. Furthermore, according to the BIA there are no existing treaties which call for education as part of the Federal government's responsibility. If the BIA can choose to close all schools in Alaska, why shouldn't the BIA begin a phase-out of all elementary and secondary education programs?

Answer: It is not the intention of the BIA to phase-out all elementary and secondary schools. In addition to the constitutional requirement in the State of Alaska, Alaska is the only instance where there is a formalized agreement between a State and the BIA to take over Bureau schools. This agreement was made in 1963 and there have been periodic updates since the original plan was established. It has been the expressed desire of the State of Alaska to establish a "single system of education." The Bureau has facilitated this transfer of functions as is evidenced by the fact that we have only 37 schools remaining. This is a significant reduction from a one-time high of 120.

Placement of Funding for the
Assistant Secretary - Office of Territorial and
International Affairs and
the Assistant Secretary - Bureau of Indian Affairs

Question: Mr. Secretary, in reviewing the proposed 1983 budget for Territorial and International Affairs, I noted that the Office of the Assistant Secretary for Territorial and International Affairs will now be funded in the Administration of Territories account of Territorial and International Affairs rather than in the Office of the Secretary as it has in the past. This is also the case for the Assistant Secretary of the Bureau of Indian Affairs. What is the rationale for this move?

Answer: The principle we follow in formulating our budget is to fund activities which serve the same objective or purpose in one place. This principle serves to focus our budget on output or end results and facilitates accounting for the costs of each major objective for which we have been given responsibility. There are instances, however, where an activity serves more than one objective. In such cases, it is difficult to follow the principle stated above because of the complexities of allocating time and costs among several objectives. Program Assistant Secretary functions serve as a good example of multiple objectives activities. Traditionally, Program Assistant Secretaries have been given responsibility for oversight of more than one bureau each of which serve different objectives. Because of the accounting complexities inherent in keeping track of how much time a program Assistant Secretary spends on each Bureau/objective, we have found it more efficient as an exception to the above stated principle to fund these Assistant Secretaries under Departmental Management in the Office of the Secretary. The most recently established Assistant Secretaries, i.e., Indian Affairs and Territorial and International Affairs, however, do not fit the historical model of program Assistant Secretaries in that each are responsible for a single bureau/objective rather than for several bureaus with different objectives. That being the case, we have followed our guiding budget principle of funding activities serving a single objective or purpose in one place, rather than making an unnecessary exception to that principle.

Question: Will the move save money or is it merely a move based on convenience?

Answer: There will be no savings in funding, but will provide for more efficient operations by these Assistant Secretaries with single bureau responsibilities.

Question: Although funds for the Assistant Secretary are apparently transferred from the Office of the Secretary to TIA, there nevertheless is the appearance that program funds are being used to fund the Assistant Secretary's office. Doesn't this send a poor signal to the territorial governments with respect to the long-term funding commitments of the United States? In light of the negotiations, isn't ongoing status of particular importance now so that we send better such signals to the Trust Territory governments?

Answer: It is proposed that funds for the Office of the Assistant Secretary, TIA be transferred from the Office of the Secretary, Departmental Management account. This is in accordance with a Secretarial direction to streamline the Department's organizational structure. These funds will be used for the same purpose in FY 1983 as in FY 1982. We do not feel a poor signal is being sent to the territorial governments. On the contrary, consolidation of funding for territories within the Department is seen as a positive sign of close administration with respect to funding commitments.

Construction of Northern Mariana Island Hospital

Question: Perhaps one example of a poor signal being sent by the Department is the $4 million funding proposed for construction of the Northern Mariana Islands Hospital. The Department knows that hospital will cost about $20 million and has made a commitment for at least $15 million. Yet, you have only budgeted $4 million. Mr. Secretary, what kind of contract can be let when only 20% of the necessary construction funds are available?

Answer: We fully expect that the Northern Mariana Islands will be able to award a contract for phased construction of the hospital with the $4 million and the local contribution to the project.

Report on CIP in TTPI

Question: During last year's Appropriations hearings we reviewed your report on the effect of changes in scoping of the five-year CIP program in the Trust Territory. I asked for a quality assessment of the entire infrastructure in the TTPI and Under Secretary Hodel wrote to me that it would be done and submitted by October 1, 1981. During the staff inspection trip in January, we learned that all the information was available to the Department in time to have complied with the due date. It is now March of 1982 — where is the report? When do you plan to submit it? Will it comply with my request?

Answer: This report is in the final stages of the review process and will be sent to you prior to the 1983 OTIA Appropriations hearings. Most of the information for this report was ready in October 1981. However, we delayed sending the report until final decisions were reached on reprogramming actions raised by the study. A list of these proposed actions are presented in the report and a reprogramming proposal will be submitted to the Congress along with the report.

Power Problems of the Territories

Question: The Marshalls Government has entered into a loan agreement with the U.K., for a power plant and fuel storage farm. The British have made similar offers to Ponape, Truk, and Palau and a delegation from Palau has just returned from the U.K., with a proposal which would provide a 16 megawatt power plant and 7 million gallon fuel storage farm, personnel to operate and maintain the units and administer the power authority with a commitment to train Palauans to assume responsibility. What are you proposing to resolve the power problems of the territories?

Answer: The Office of Territorial and International Affairs is committed to assisting the U.S. Flag Territories and the Trust Territory in obtaining and providing adequate, reliable, and economical sources of energy. This assistance will include:

1. The implementation short-and medium-term improvements in the maintenance of electric generation and distribution systems;
2. The completion of programs addressing the use of alternative energy sources; and
3. For each territory, providing assistance to the utilities in developing sound fiscal operations.

In the FY 1983 budget we are proposing an $8 million guaranteed loan to alleviate power problems in American Samoa.

The DOI is also investigating the British loan proposal to Palau. We have expressed strong reservations to the Government of the Marshall Islands concerning the present level of their debt service and future trends in their debt financing.

DOE's Energy Study

Question: Why has there been no response to DOE's request for assistance from Reclamation and Geological Survey to complete the Energy Study?

Answer: The Office of Territorial and International Affairs has never been officially notified of DOE's request for assistance from these offices. Our response, therefore, has been unofficial. We do not anticipate a change in this status until formally requested by DOE. We expect to completely fulfill our role and responsibilities agreed to under the signed Memorandum of Understanding between our two agencies.

Question: Will you provide assistance from Reclamation and Geological Survey to assist in the completion of this study?

Answer: We intend to use whatever DOI resources are available to support DOE in this project.

Question: Why are you planning to hold another conference rather than completing the study?

Answer: As you are aware, DOI's responsibilities to the territories and the Trust Territory extend beyond the energy study. Although we fully support the study and will support it until completion, we cannot overlook the fact that existing energy problems must be addressed. To this end, the energy symposium we are planning is designed to create a new and comprehensive approach to solving specific problems plaguing each territory. One important objective of the conference is to promote the interest of private industry in helping solve territorial energy problems and to coordinate these interests with the appropriate officials from each territory.

We must also acknowledge the fact that the DOE energy study must be completed by December 24, 1982. Considering the short time left, the reduced funding for the study, and the uncertainty of the future of DOE, the symposium could provide information of vital importance to DOE for completion of the study.

Caribbean Basin Initiative

Question: Mr. Secretary, the President announced as part of the Caribbean Basin Initiative a series of measures to either benefit Puerto Rico and the Virgin Islands or mitigate any adverse impact. In adddition, the White House Fact Sheet stated that other measures were under discussion with both Puerto Rico and the Virgin Islands. As you are aware, unlike the Trust Territory and American Samoa, neither Puerto Rico nor the Virgin Islands has a general authorization which permit implementation of any such proposals. Will you be directly involved in the development of these proposals?

Answer: We have been involved with the development of the measures mentioned by the President and we expect to be involved with the other measures under consideration.

The President listed the following measures in his CBI speech on February 2, 1982: (1) payment to Puerto Rico and the Virgin Islands of the excise tax on imported rum, (2) applying the benefits of investment tax incentives to Puerto Rico and the Virgin Islands, (3) liberalized terms of duty-free access for Virgin Islands products to the United States, (4) funding of $150,000 for a plan of operations for the Eastern Caribbean Center at the College of the Virgin Islands, and (5) support for early completion of the St. Thomas Airport project.

The President alluded to other measures, which may include: (1) support for a territorial development institution, (2) assistance with Virgin Islands water and power problems, and (3) support for legislation to assist the Virgin Islands watch industry.

Question: Will this Subcommittee and the Energy and Natural Resources Committee be consulted?

Answer: The U. S. Trade Representative (USTR) has overall jurisdiction regarding the Caribbean Basin Initiative (CBI) legislation. We will consult with the Committee regarding other measures that may require legislation.

Question: In view of the May 15 requirement of the Budget Act for authorizing Committtees to report new spending authorizations, would you support some general authorization for the Virgin Islands and/or Puerto Rico to enable this Committee to consider any measures which the President might propose?

Answer: It is not clear that the other measures you mention will require an authorization. Therefore, without full review of draft legislation, I would not want to commit the Department and the Administration to supporting a blanket authorization at this time.

Question: Would you provide, as a drafting service by April 1, appropriate language for inclusion in the Omnibus Territory measure pending before the Energy and Natural Resources Committee?

Answer: If the other measures are sufficiently developed by April 1 and require authorization, we will be glad to provide a drafting service.

Questions Submitted by Senator Robert C. Byrd

Delayed Harpers Ferry Water Study

Question: Mr. Secretary, you will recall that the fiscal year 1981 appropriation included $50,000 for the National Park Service to conduct a study of the Harpers Ferry water system. Last year when you appeared before this subcommittee I inquired about this study. I was assured at that time that this study would receive your personal attention. Subsequently, I was informed that the study would be completed in September of 1981. Later, the completion date was slipped to mid-February; and, now I am told the study will not be available until early April of this year. What is the explanation for this delay?

Would you please ask the Park Service to prepare for the record a detailed response indicating the names of the individuals associated with this study, when the study was initiated; exactly what site examination has been conducted to date and when, what work remained to be completed after September 30, 1981; and the present status of the report. I would like to know what the Park Service has been doing for the past fifteen months since the appropriation law was signed by the President.

Answer: Selection of our study team was based on using our senior specialist in the engineering expertises involved. Mr. Thomas L. Harrington, our senior sanitary engineer, was selected as the study team captain because of his knowledge of the Harpers Ferry water system from earlier utility system investigations, his familiarity with the water company personnel and town officials, and his prior evaluation of a water system study performed by Patton, Harris, Rust and Guy in June 1978. He was told by memorandum of February 17, 1981, that the funds were in the FY 1981 appropriation and would be carried over into FY 1982. Two main purposes of the study were: (1) to update the previous study and; (2) to find a source of water.

After restudying the 1978 water study, Mr. Harrington and Mr. Jim Ellis, our senior soils and hydrologic engineering consultant went to Harpers Ferry April 27-29, 1981, and looked at the existing system. They examined all present water sources and researched various sources of hydrologic data in the surrounding areas. This trip resulted in the refining of the purpose of the study to include some direct assistance in system troubleshooting to maximum system quality and quantity for the operating season ahead (1981 season). Meaningful recommendations for system improvement were being complicated by a lack of knowledge about the actual conditions of the system.

During the week of June 8-12, 1981, Mr. Harrington returned to Harpers Ferry with Mr. Ray Johanningsmeier, senior electrical engineer, and working with the water plant operator, measured the output of water plant pumps and filter capacity; placed into service approximately 95% of the plant's existence); prepared, cleaned, and restored to service the plant's clarifier; and determined by rough lab testing procedures that coagulating chemical feed rates at the plant should be increased by 25 to 50 times the quantities that had been fed for many years. With this increase in chemical quantity it became evident that surface water sources requiring complete treatment would greatly increase the cost for providing water. Further investigation into maximizing of volume from the spring source (not requiring expensive treatment) seemed the next order of business.

During the next two to three weeks, Mr. Harrington researched and pulled together a packet of much needed operation and maintenance information never before provided to the plant operator for major equipment in his plant. He also provided a list of things that could be done inexpensively to rehabilitate and upgrade the system for increased output.

From June 29 through July 2, 1981, Mr. Harrington and Mr. Ellis performed more site investigation to maximize spring source use and to improve plant production.

On October 28, 2981, Mr. Harrington met with the Harpers Ferry Water Company Board of Directors, Superintendent Don Campbell, and Mr. Charles Weber, senior Vice President of Patton, Harris, Rust and Associates, to discuss our study progress and recommendations for areas of improvement to the existing system with approximately $330,000 in funds being made available to the town for system improvement. Mr. Harrington made a specific recommendation, in priority order, for system improvements. He also reinforced the results of the 1978 study, pointed out the value of stored computer data on the town's hydraulic system by the firm that had done that study, and clearly pointed out that the National Park Service study would not provide any sweeping new concepts not already covered by the 1978 study. Some of the areas discussed in the earlier study would be further developed to reflect any feasibility improvement, but the basic conclusions of the National Park Service study would follow those of the original study. Mr. Harrington explained his workload situation as a nationwide consultant, and one-man office, and said at that meeting he would do his best to have this study completed by mid-February 1982.

At the present time the National Park Service construction program is composed of a high percentage of water and sewer projects. Since Mr. Harrington is a key individual in the accomplishment of these projects, he has not been able to finish the report, but has set a deadline for the first week of April 1982 for its completion. This report will document the findings of our field investigation, hydrologic research, and evaluation of the 1978 study; will further discuss alternatives not adequately reviewed in the earlier study; and will make recommendations for long range and interim developments. A brief emergency plan for periods of inadequate water supply shall also be provided. Many of the conclusions that will be contained in the report have already been communicated to the town.

Question: Now, Mr. Secretary, I would like a commitment from you — when will this study be delivered to the town of Harpers Ferry?

Answer: This study will be delivered to the town of Harpers Ferry by the middle of April 1982. A copy will be delivered to you at the same time.

Mineral Institutes

Question: Last year the Administration proposed to eliminate federal funding for the Mineral Institute program. I believe the rationale for this elimination was that the mining industry would fund the better institutes on its own. You indicated during your testimony last year that you would make yourself available personally to "go out and directly appeal to the company people to give money to the schools directly for those institutes," What have you done specifically over the past year to ensure an orderly transition of these institutes from federal to private funding?

Answer: The Assistant Secretary and Deputy Assistant Secretary for Energy and Minerals have been in direct and frequent contact with industry representatives throughout the nation over the past year. Both of them often have made clear to industry representatives that if the Mineral Institutes were to continue, it would be necessary for industry to provide financial and other types of support to the Mineral Institutes. Further, officials of the Bureau of Mines, through the Advisory Committee and in other contacts with industry, will be delivering the same message. We believe these repeated contacts with industry representatives will help ensure that useful programs being carried out by the Mineral Institutes will be maintained with support from industry.

Question: Congress apparently did not believe the institutes were ready to be transferred to private funding because $9.6 million was provided in the Bureau of Mines appropriations for fiscal year 1982. What has changed this year that should convince this Committee that federal funding is not required again in fiscal year 1983?

Answer: We are proposing to terminate new Federal grant funding for these Mineral Institutes again in FY 83 because they are not uniquely Federal and other sources of public and private support should be available to meet program objectives. We believe it is appropriate for the private sector to provide funding for these Institutes particularly the energy and minerals sector of the economy.

Under the recommendations of the Advisory Committee (which were signed by the Secretary and were sent to the Appropriation Committees on March 12) four or five "Centers of Generic Mineral Technology" are to be established and each is to receive "seed money" grants of about $1 million. The seed money grants are to be available over a period of years to permit orderly initiation of research that will attract more and continuing support from industry.

We believe by focusing these seed money grants in a few areas which are of highest interest to industry and the States, funds will be raised by industry and the States to maintain useful programs being carried out by the Mineral Institutes.

Question: The Department did not report to the Committee as requested by February 15, 1982, on the possible consolidation of the 31 institutes. When will your report be delivered to the Committee? Given Congressional interest in continuing this program, do you have any preliminary recommendations with respect to consolidation of the institutes?

Answer: The report of the Advisory Committee was signed by the Secretary and was delivered to the Committee on March 12. Another copy of the report is attached.

Abandoned Mine Reclamation Fund

Question: Mr. Secretary, the fiscal year 1981 budget indicates that the Abandoned Mine Reclamation Fund has amassed a total of $681 million through the end of fiscal year 1981. A footnote on page 58 of the Office of Surface Mining budget justification indicates that this total includes fees and interest. I am familiar with the fees paid into the fund by coal producers but what is the nature of the "interest" in the fund?

Answer: The Abandoned Mine Reclamation Fund includes interest on late payment of fees by coal producers, as provided by Section 402(e) of the Surface Mining Control and Reclamation Act of 1977.

Question: Is any interest paid by the Treasury which has temporary use of any unexpended balances in the Fund?

Answer: The Treasury pays no interest on the unexpended balances of the Abandoned Mine Reclamation Fund.

Question: If no interest is paid by the Treasury, don't the States lose a substantial amount of money due to inflation the longer these reclamation fees sit in the Fund?

Answer: States may be losing money due to inflation as long as reclamation fees remain unappropriated. However, by law (Surface Mining Control and Reclamation Act of 1977), States cannot receive reclamation grants until approval of permanent regulatory and reclamation programs. At this time, six States have regulatory primacy, eleven States have regulatory programs that were partially or wholly disapproved by the Secretary in his initial decision have recently resubmitted their programs for a final review and revision. In order to expedite AML program approval, regulatory and AML programs are being processed simultaneously.

Question: Is there any reason why the States should not be appropriated their full capability to use revenues from the Abandoned Mine Reclamation Fund since these revenues were collected from fees on coal production and not through tax revenues?

Answer: Under the Surface Mining Control and Reclamation Act of 1977, receipt of entitlement grants by States is contingent upon approved regulatory and reclamation programs. In the past, delays in regulatory program approval have precluded awarding of reclamation grants. As of March 8, 1982, nine State AML programs have been approved and six AML program approvals are awaiting State primacy. All States with regulatory primacy are expected to have approved reclamation programs by the beginning of fiscal year 1983 and will be receiving reclamation grants as they become eligible. The fiscal year 1983 AML grant request has accordingly been increased by $19.4 million to $78.5 million. This request is within the States' estimate of their program capabilities for fiscal year 1983. If experience indicates that the States can utilize a larger portion of their entitlement funds in Fiscal Year 1983, it is anticipated that favorable consideration will be given to a supplemental appropriation (as indicated on Page I-M49 of the Budget Appendix).

Questions Submitted by Senator Dennis DeConcini

Reductions in Force

Question: Mr. Secretary, in your previous tenure with the Department of the Interior, you were the Director of the Bureau of Outdoor Recreation—and in your Confirmation Hearings for Secretary you stressed "Recreation" as a priority.

However, there has been no support for the States' Programs within the Land and Water Conservation Fund, and little or no compensation elsewhere within the Budget. Now, I understand you are sending RIF notices to almost 100 people who work with The Heritage Conservation and Recreation Service, now part of the Park Service. At the same time the Park Service Budget has been increased and there are 700-800 job openings.

Isn't recreation what we are trying to accomplish in our National Parks? Why can't these people be placed within the Park Service or in other parts of the Department instead of hiring new people?

Answer: Reduced funding levels to fiscal 1982 National Park Service appropriations have necessitated a commensurate reduction of staff. Specifically, the following programs are affected:

1. Office of Legislation - a 54 percent funding reduction, affecting the Washington Office only.

2. Office of Public Affairs - a 35 percent reduction with 50 percent of the reduction taken in the Washington Office.

3. Recreation Programs, Including Administrative Support Staff - a 40 percent reduction in salaries and expenses; zero funding level for the State Assistance Program (funded from the Land and Water Conservation Fund) and elimination of the original fiscal 82 budget request of $75 million for the Urban Park and Recreation grant program. These reductions affect staffing levels heavily in the Washington Office and in eight Regional Offices.

Except for the actual grants assistance funds, the above programs are labor intensive; therefore, funding reductions have caused staffing reductions.

Aggressive placement efforts will continue, but almost everyone who can be accommodated within the Washington Office has been. In addition to currently absorbing all of the fiscal 1982 pay raise, all National Park Service programs experienced a 4 percent funding reduction. While there may be some vacant positions in offices, they are not being filled because of funding constraints. In instances where critical vacancies are being filled in the Washington Office, the credentials of every employee affected by funding/staffing reductions are reviewed to ascertain whether the employee is qualified for the position.

Questions Submitted by Senator J. Bennett Johnston

Submission of Supplemental Budget Request for Projects in Virgin Islands

Question: Do you plan to submit a supplemental budget request for FY 1982 or a revised budget estimate for FY 1983 to request funding for projects the President proposed in the Virgin Islands (the Caribbean Center) and Puerto Rico (Mayaguez Agricultural Experiment Station) as part of the Caribbean Basin Initiative he announced last week?

If not, where will the funds come from for these two new initiatives?

Do you plan to submit a supplemental budget request in FY 1982 or a new FY 1983 budget estimate for funds to complete the airport in the Virgin Islands, as promised in the CBI announcement, inasmuch as the Administration has recommended that ADAP be abolished?

If not, where will the funds be found for this project?

Answer: We support the funding for the Caribbean Center in the Virgin Islands and the Mayaguez Agricultural Experiment Station in Puerto Rico although we are not directly involved in the funding for the latter. We are in the process of determining where the funds should come from to support the Caribbean Center.

The Administration has proposed legislation to continue the Airport and Airways Trust Fund and has included funding for airport grants in the 1982 and 1983 budgets. The Department of Transportation will continue to work with the Virgin Islands towards the completion of the airport on St. Thomas.

Capital Improvement Program

Question: Last year, in response to a request from the Senate Energy Committee and this subcommittee, the Department prepared a preliminary assessment of the shortfall in the Capital Improvement Program in the Trust Territory. That response indicated that the overall shortfall was about $80 million, and that at least $30 million was essential to restoring the CIP plan to maintainable standards. No funds that I can find are requested to deal with this shortfall. Why?

Answer: There are no FY 1983 funds specifically earmarked for Capital Improvement Program in the TTPI. We are still reviewing the CIP projects and expect to submit a request for reprogramming of some funds between projects within the next few weeks. Since the specific needs of the Islands have changed since 1975, we must modify the original scope of work to address new requirements. Through changes of scope and reprogramming actions, we will complete a number of the projects and be in a better position to assess potential shortfalls.

Report on Quality Assessment of the CIP

Question: Last year, the Energy Committee requested a quality assessment of the CIP. The Under Secretary indicated to us that the report would be submitted by October 1, 1981. No report has been submitted.

I personally consider this report essential to the work of this subcommittee, and I am not prepared to take any action on the budget until the report is submitted.

When will the report be ready? Will it contain specific numbers on a project-by-project basis as we requested? If not, why not?

Answer: This report is in the final stages of the review process and will be sent to you prior to the OTIA 1983 Appropriations hearings. Most of the information for this report was ready in October 1981. However, we delayed sending the report until final decisions were reached on reprogramming actions raised by the study. A list of these proposed actions are presented in the report and a reprogramming proposal will be submitted to the Congress along with the report.

Trust Territory Maintenance Funds

Question: Funds for maintenance in the Trust Territory appear woefully inadequate. As far as I can tell, of the $13.7 million requested for maintenance, almost $7 million is for fuel - which is totally separate from maintenance. That leaves $7 million roughly for maintenance. Last year, the Department identified over $24 million in need for maintenance, yet the request is somewhere between 1/3 to 1/4 of that.

Does the Department now assume that some projects we have constructed should not be maintained? Which projects specifically are covered and which are not? Which does the Department think should not be maintained?

Answer: The allocation of funds between functional areas (Public works, health, etc.) was made by the individual TTPI governments. We have included an additional $1,500,000 for special O & M projects in the budget. We expect to use these monies for material, equipment, and personnel. The Micronesia governments do not require the full $24 million at this time in order to maintain the capital improvement projects that are in place. To date, only about 40 percent of the construction has been completed. We expect and encourage the TTPI governments to maintain all of their facilities.

Satellite Communications in the Trust Territory

Question: Funds for satellite communications in the Trust Territory amount to $1 million. As I understand it, this amount will mean that only one-half of the telephone subscribers originally planned to be hooked into the system can be accommodated within this amount. Is this correct?

If it is correct, why was the Congress not informed that funds are insufficient to take care of the original scope?

If it is correct, will this not mean that there will be severe problems for the Communications authority's ability to be self-supporting in the future? If not, why not?

Answer: No, it is not correct. The $1,000,000 requested in the budget is for the anticipated lease costs in FY 1983 of the earth stations that will be installed in each area. We are aware that some portion of the telephone subscribers can not be hooked into the system and we are assessing the situation.

Hospital in the Northern Mariana Islands

Question: Funds for the hospital in the Northern Mariana Islands are limited in FY 1983 to $4 million. Clearly, this amount is insufficient to construct the hospital and the budget justification itself indicates that the total cost will be $25.2 million, with construction scheduled to begin in March 1983. Does this request indicate a substantially reduced level of commitment to the project? If so, what is the new level?

Answer: No, this request does not indicate a reduced level of commitment. It represents the initial Federal contribution toward the construction of the hospital.

Northern Mariana's Water Distribution System

Question: The Northern Marianas is now experiencing a severe salmonella problem, a problem directly related to the water distribution system. No funds are requested to deal with this, and none are likely to be available through other funding sources due to cutbacks in other programs.

Answer: The entire Mariana Islands' chain has severe problems connected to salmonella bacteria and other intestinal diseases. On Guam, for example, reported cases of salmonella among infants less than a year old is approximately 1400 per 100,000 population; in the rest of the United States, the incidence is 60 per 100,000. These diseases can be controlled with proper hygienic conditions, and a basic step to the correction of these wide-spread problems is to develop adequate sewerage systems. We agree with Governor Tenorio that water systems development will do a great deal to solve these public health problems, and we are looking into ways we can be of assistance in his efforts. We have under consideration, for example, technical assistance to help him prepare a water systems improvement plan.

Question: Has the Department developed an estimate of the amount needed to help correct this problem? If not, please do so and submit this to the subcommitted for consideration.

Answer: No estimate has been developed to date. We are working with the Northern Marianas on this problem and will report the findings and a funding estimate, if necessary, to you when available.

American Samoa Power System

Questsion: The budget request for American Samoa includes $8 million in loan guarantees for needed power improvements. Given the fact that the preponderance of the operations budget for American Samoa is derived from Federal funds, and that the power system in Samoa is a wholly owned government subsidiary and not a commercial venture, why was the project not funded as a direct loan which would be at the Treasury's cost of borrowing rather than commercial rates? If approved as a guarantee, would not the U.S. taxpayer simply end up paying for the project at a higher cost since the loan will be paid for out of the operating budget which is, as I stated above, funded almost in entirely out of Federal grants?

Answer: Although the power system is owned by the Government, there is no reason why the power authority should not operate like a commercial venture. It is important to assist the territorial utilities in entering the private capital markets. Our objective is to avoid having the U.S. taxpayer pay for capital costs, as has been the case in the past, by amortizing these costs from sales of electricity.

New Hospital in Palau

Question: Last year, this subcommittee provided $500,000 to Palau to begin A & E work for a new hospital. No funds have yet been allocated for this project or for as far as I can ascertain any other projects in the TTPI. When will disbursements be made and why is it taking so long?

Answer: The $480,000 that was appropriated for A&E work for the Palau hospital will be made available in the very near future. Due to the initiation of new apportionment and control procedures over TTPI funds taken within the Department, there was a delay in the grant offer being sent to the High Commissioner. The FY 1982 grant has now been formally offered and we are awaiting the High Commissioner's acceptance. Once it is accepted, FY 1982 funds will be made available.

Waiver of Sections 111 and 123 of the Clean Air Act

Question: Last week in testimony before a House Subcommittee, I understand that the Assistant Secretary for Territories and International Affairs testified that the Department supports a waiver of Sections 111 and 123 of the Clean Air Act for the Guam Power Authority. Will the Department submit legislation to accomplish this in time for it to be considered in conjunction with the Omnibus Territories legislation now pending before the Energy Committee?

Answer: Yes, TIA will propose legislation that would allow waiver of Clean Air Act provisions for the territories, for inclusion in the pending territories' Omnibus Bill.

Settlement of Bikinians on Kili

Question: The budget requests $20.6 million for permanent settlement of Bikinians on Kili. What specifically will this cover? Does it include any funds for health care? Why were no funds specifically requested for health care for the Bikinians?

Answer: The President submitted a $21 million FY 1982 supplemental request for Bikini resettlement along with his FY 1983 budget request to the

Congress. This supplemental request would provide for the permanent relocation and resettlement of the displaced Bikini Islanders on Kili Island and the small Isle of Ejit (in Majuro Atoll) until such time as the radiation hazards on Bikini Atoll have abated sufficiently to permit the Bikinians' safe return and habitation of their home atoll.

Kili and Ejit Island Resettlement Program

Of this proposal, $20.6 million is to plan for and construct permanent housing and community facilities on Kili and Ejit Islands and to replant coconut and other food crops. It will conclude such needed projects as upgrading of the short-range air strip constructed in 1981, dock and seawall constructions, and road improvements on Kili Island, and small dock and road improvement on Ejit Island, in addition to housing and other basic community facilities.

On-going Bikini Costs, Including Health Care Funds

The FY 1982 supplement of $21 million includes $400,000 for on-going Bikini costs of small current programs, a nutrition and agriculture survey, for costs of translation and presentation to the Bikinians of the findings of an independent radiological survey of Bikini Atoll. The $400,000 also includes an amount of $50,000 for special medical expenses for the Bikini people.

Medical Referral Budgets

Question: The medical referral budgets for the TT appear to be substantially less than what was required in FY 1981 and what was appropriated in FY 1982. Please give us the amounts actually expended for health referrals in FY 1976, FY 1977, FY 1978, FY 1979, FY 1980 and FY 1981 and what you expect to be expended in FY 1982. If there is a substantial difference between the amount requested in FY 1983 and the trend shown in FY 1976 to FY 1982, please explain precisely why.

Answer: The actual obligations for medical referrals for the years in question follow:

Fiscal Year	Obligations in thousands of dollars
1976	1,140
1977	1,702
1978	1,290
1979	1,615
1980	1,712
1981	2,153

Anticipated medical referral costs for fiscal year 1982 are expected to be $1,228,000, and 1,392,000 has been budgeted for fiscal year 1983.

The average medical referral budget for the 1976 through 1983 period is $1,529,000. The difference between the 1983 budgeted figure and the eight-year trend is a result of decisions made by the Micronesian governments. The amounts budgeted by the governments are determined in the budgetary process of the individual governments within their overall allocations.

Elimination of Historic Preservation Fund

Question: I am deeply concerned about the Administration's elimination of the Historic Preservation Fund and of funding for the National Trust. Particularly the HPF, which is one of the best examples we have around of creative Federalism, is critical to continuing a preservation program since these funds assure that work necessary to certify structures for tax incentives is accomplished.

If the Department cuts out funds for State grants to do this work, do you intend to hire new Federal personnel to do the certifying work and the preliminary work to place properties on the National Register?

If you don't intend to take it over, how can you assure us that it won't simply be dropped?

Why would States carry out Federally mandated activities without funding?

Answer: Implementation of the tax incentives program for preserving historic structures is a key priority of the Department. Private sector interest in this program appears to be very strong, and we recognize that effective administration of the incentives is crucial to maintaining this interest. The National Park Service has therefore initiated a study of alternatives for implementing the program which include Federal administration, contracting for certification services, and user fees. The study is still in its early stages and the costs, benefits, and legal ramifications of these alternatives have not yet been ascertained.

Because the elimination of Federal grants to the States will significantly increase the Federal workload, and because the tax incentives program is a priority, the Department has requested additional funds for administering the tax incentives program in the fiscal year 1983 budget; these funds would primarily be used to pay for additional personnel. We must point out, however, that the Federal government would not provide the same level of program services now provided by State offices, particularly in the area of technical assistance to potential applicants.

With respect to the National Register, we will maintain Federal services now devoted to the tax incentives program. There are no plans, however, to assume preparation of National Register nominations in place of States, or to assume the technical assistance functions related to the preparation of local statutes which States now perform. We should also note that the National Historic Preservation Act permits local governments and private citizens from States without approved historic preservation programs to submit nominations directly to the Federal government; rules for submitting nominations which were recently promulgated have outlined a process for doing so. In addition, properties in districts designated under local preservation statutes can be approved by the Secretary to qualify for the tax incentives without being listed in the National Register.

In the absence of Federal funding, continued State performance of Federally mandated activities cannot be guaranteed. Certain functions--such as review and compliance--probably would not be continued. Initial consultations with States and with the National Conference of State Historic Preservation Officers, however, indicate that several States would continue to assist in the tax incentives program without Federal funding. This estimate is only advisory; it is not based on a detailed analysis of State budgets and other factors that would influence State decision-making about whether to maintain participation in the program. The fiscal austerity that many States face might serve as a disincentive for maintaining participation. At the same time, however, the value of the tax incentives as a stimulus to private investment that promotes revitalization is motivation to continue State support for the program.

Land and Water Conservation Fund

Question: As you know from my comments last year, I am distressed that no funds are requested for land acquisition under the Land and Water Conservation Fund, an issue we discussed at length in your confirmation hearings last year and in appropriations hearings on the FY 1982 budget. I regret that you repeated this in FY 1983, and I am distressed even more that your minimal request for paying off court awards again seems at first glance to be inadequate. Please furnish us with a precise list of those awards you expect to be coming in, and which you have covered in your budget request. What was the Department's original estimate submitted to OMB, on a project-by-project basis?

If the Subcommittee were to make say $100 million available for land acquisition by the Park Service, BLM and Fish and Wildlife, which projects would you consider the most essential on a project-by-project basis? In your list, please give the criteria you use to select these projects.

With regard to the narrative on the request for the National Park Service, I would comment that the amendment I offered to the Interior appropriations bill for FY 1982 contained more than sufficient funds to cover court awards. A significant portion was lost in conference, not due to lack of Senate support for that amount, but in part due to the Department's failure to write a letter of appeal to the House on the lower House number. I hope the Department will work more closely with us this year as we develop the budget and that an active role will be taken by the Department on items like this that the Department obviously considers a priority.

Question: Will you give us a commitment on this sort of cooperation and support?

Answer: We have included in the Department's budget request for FY 1983, the appropriate level of funding for each of the areas where awards are expected to mature in FY 1983. For the National Park Service for FY 1983 the breakdown of $51,600,000 is as follows:

Big Cypress National Preserve..........................	$ 14,000,000
Big Thicket National Preserve.......................	4,500,000
Cape Cod National Seashore............................	6,500,000
Cape Lookout National Seashore.........................	2,000,000
Cumberland Island National Seashore	1,000,000
Gulf Islands National Seashore...........................	3,700,000
Lassen Volcanic National Park............................	5,500,000
Sleeping Bear Dunes National Lakeshore..............	8,400,000
Voyaguers National Park..................................	3,800,000
Deficiencies (to meet less significant.................. unanticipated needs at various areas nationwide)	2,200,000

For the Bureau of Land Management in FY 1983 the Rogue Wild and Scenic River is expected to have awards totalling $161,000. The

Fish and Wildlife Service does not anticipate any awards in FY 1983 and therefore has not requested funds for that purpose.

The Department's original estimate submitted to OMB was lower than the present budget request due to uncertainty in the scheduling of court actions at the time of submission to OMB. As events occurred with the passage of time these earlier estimates were revised upward. For the National Park Service their estimate of $37,010,000 provided to OMB was as follows:

Big Cypress National Preserve	$ 15,000,000
Big Thicket National Preserve	5,000,000
Cape Cod National Seashore	3,500,000
Sleeping Bear Dunes National Lakeshore	8,000,000
Voyaguers National Park	2,000,000
Deficiencies (to meet less significant unanticipated needs at various areas nationwide)	3,510,000

The Department's original budget estimate submitted to OMB included the $161,000 anticipated for payment of court awards for the Bureau of Land Management but did not include funds for the Fish and Wildlife Service for this purpose as there were no awards anticipated in FY 1983 for the Fish and Wildlife Service.

Land Acquisition

Question: What are your allocation plans for the FY 1982 funds made available for land acquisition for (1) BLM (2) Fish and Wildlife Service and (3) National Park Service? Please submit a project-by-project list and highlight any which will require a reprogramming in FY 1982. Specifically, when will the $4.8 million made available for acquisition at the Tensas National Wildlife Refuge be allocated and expended? What is the status of the land assessment at the Refuge.

When will the $2.4 million made available for the Jean Lafitte National Historical Park be allocated? When will the General Management Plan, required by statute to be submitted in November 1981, be submitted?

When will the $1.8 million made available for land acquisition at the Bogue Chitto National Wildlife Refuge be allocated and obligated?

I understand that the National Park Service has agreed to the landowners' offer to sell Hassel Island for $3.55 million, adding this important unit to the Virgin Islands National Park. When will this transaction be completed if it has not already been completed?

Answer: The FY 1982 allocation of funds for land acquisition for BLM, FWS and NPS and answers to the sub-questions follow :

Bureau of Land Management

The FY 1982 Bureau of Land Management Land Acquisition appropriation was $3,012,000 with $295,000 for Acquisition Management, $672,000 for the King Range National Conservation Area, $125,000 for the Pacific Crest Trail, and $1,920,000 for the Yaquina Head Outstanding Natural Area. The purchase of the Pacific Crest parcel will open up 130 miles of trail to public use. On the King Range, BLM is presently negotiating for three coastal tracts and one interior tract that together amount to 184 acres plus acquisition by exchange of 4,626 acres. Negotiations are progressing on Yaquina Head to aquire the necessary 60 acres of private land. A reprogramming has been proposed to provide sufficient funds to complete the Yaquina Head acquisition within the next month or two.

Fish and Wildlife Service

UNIT	$000 Appropriated
Acquisition Management	$ 997
Bon Secour NWR	3,360
San Francisco Bay NWR	960
Tensas River NWR	4,800
Bogue Chitto NWR	1,920
California Condor	1,151
Trustom Pond NWR	423*
Emergencies and Inholdings	144
Alaska Maritime NWR	1,920
Yaqui Topminnow	816
	$16,491

* Reprogramming required

The status of each project is as follows:

Acquisition Management:
This funding is being utilized primarily for the appraisal and negotiation of land exchanges within authorized projects. Currently, over 35 exchanges are under negotiation. One exchange involves about 25,000 acres with the State of Arizona. Equal value exchanges are difficult to complete without the availability of funds for equalization payments.

Bon Secour NWR:
Through FY 1981, 2,061 acres of the authorized 10,000 acres have been acquired. An additional 3,000 acres are to be acquired with the FY 1982 appropriation. The appraisals are nearly complete. Purchase agreements totalling approximately $2 million are anticipated in April. The remaining funds are anticipated to be obligated during the remainder of the fiscal year.

San Francisco Bay NWR:
Through FY 1981, 15,401 acres of the authorized 21,000 acres have been acquired. The appraisals of the tracts to be acquired with the FY 1982 appropriation have been contracted. These appraisals should be completed by April. Negotiations and land obligations will soon follow.

Tensas River NWR:
The Fish and Wildlife Service has allocated the $4.8 million to the field and is prepared to move forward and expend these resources as soon as the Corps of Engineers is prepared to join into this acquisition. At this point, we are unsure of the Corps' position as to when or if they will make their $5 million appropriation available for expenditure. In any event, the Fish and Wildlife Service will expend their $4.8 million appropriation this fiscal year for the acquisition of lands within the 17,000-acre Judd Brake Unit of the Tensas River National Wildlife Refuge. In regards to the land assessment, the appraisal update has been completed and approved.

Bogue Chitto NWR:
Through FY 1981, 15,817 acres of this 40,000-acre refuge have been acquired. To date, $250,000 of the FY 1982 appropriation has been

obligated for the purchase of 1,100 acres. Appraisals have just been completed on an additional 2,500 acres comprising six ownerships and agreements are expected by the end of May. The entire appropriation is expected to be obligated prior to the end of the fiscal year.

California Condor:
This funding is for the acquisition of critical habitat on the Blue Ridge Unit. Currently, appraisals are being conducted. As appraisal values are approved, negotiations will begin. Land acquisition obligations will be made during April and May.

Trustom Pond NWR:
To date, $422,400 of the FY 1982 appropriation has been obligated for the purchase of 62 acres. Initially, $440,000 was needed to acquire 63 acres. The four percent appropriation reduction necessitated omitting a one-acre residential lot valued at $17,600 from the acquisition. The one-acre lot has been optioned and the Service is in the process of reprogramming prior year carryover funds for its acquisition.

Emergencies and Inholdings:
A deficiency payment, including interest, totalling $100,500 has been made for the Declaration of Taking on Bear Valley NWR filed in 1978. Unless another emergency acquisition arises, the remaining funding under this appropriation will be utilized for equalization payments on exchanges involving inholdings within refuges.

Alaska Maritime NWR:
The FY 1982 appropriation is to acquire part of the refuge lands as stated within the Pribilof Terms and Conditions Agreement, ratified by Congress and contained within Alaska National Interest Land Conservation Act of December 2, 1980. A dispute over the division of this appropriation between the two native corporations delayed the acquisition. This dispute has recently been settled and the acquisition may now proceed. This year's acquisition is expected to be completed in April.

Yaqui Topminnow:
The appraisal and negotiations have been completed. The purchase of this 2,440-acre refuge and expenditure of the FY 1982 appropriation should take place in April 1982.

National Park Service

Acquisition Management	$ 8,160,000
Deficiencies	960,000
Inholdings	960,000
Allegheny Portage RR NHS & Johnstown Flood NM	480,000
Appalachian NS Trail	2,688,000
Big Cypress N. Pres.	5,904,000
Biscayne NP	1,920,000
Buffalo N. River	2,112,000
Channel Islands NP	3,840,000
Chattahoochee River NRA	13,920,000
Cumberland Island NS	9,600,000
Cuyahoga Valley NRA	4,800,000
Delaware Water Gap NRA	960,000
Ebey's Landing NH Reserve	2,016,000
Fort Sumter NM	368,000
Golden Gate NRA (Sweeney Ridge)	9,600,000
Indiana Dunes NL	2,304,000
Jean Lafitte NHP	2,400,000
Lower St. Croix NSR	960,000

New River Gorge NR	1,920,000
Redwood NP	2,880,000
Saint Croix WSR	480,000
San Antonio Missions NHP	1,344,000
Santa Monica Mtns. NRA	4,800,000
Upper Delaware Scenic River	567,000
Valley Forge NHP	3,840,000
Virgin Islands NP	3,408,000
Subtotal	$93,200,000
Pinelands	5,881,000
State Grant Administration	4,381,000
Total	$103,462,000

1/ It is anticipated that the funds appropriated for Golden Gate NRA will be requested for reprogramming to pay outstanding deficiencies on condemnation cases.

The $2.4 million for Jean Lafitte National Historical Park was allotted on February 24, 1982, to continue the land acquisition program. One tract has been acquired with a portion of this money and negotiations are underway on several other tracts. The General Management Plan for Jean Lafitte is on review in the Regional Office. After the review is completed and the plan redone to incorporate comments, it will be submitted for printing. It is expected that it will be available in about 2 months.

The Hassell Island transaction was closed on February 4.

Conference on Alternate Energy Sources

Question:	I understand that the Assistant Secretary for Territories and International Affairs is planning to hold a conference on alternate energy sources in the insular area in Washington in June. Why is this conference being scheduled prior to completion of the study DOE is now undertaking to recommend specific off the shelf technology for alternate energy in each of the insular areas?
Answer:	As you are aware, DOI's responsibilities to the territories and the Trust Territory extend beyond the energy study. Although we fully support the study and will support it until completion, we cannot overlook the fact that existing energy problems must be addressed. To this end, the energy symposium we are planning is designed to create a new and comprehensive approach to solving specific problems plaguing each territory. One important objective of the conference is to promote the interest of private industry in helping solve territorial energy problems and to coordinate these interests with the appropriate officials from each territory. We must also acknowledge the fact that the DOE energy study must be completed by December 24, 1982. Considering the short time left, the reduced funding for the study, and the uncertainty of the future of DOE, the symposium could provide information of vital importance to DOE for completion of the study.
Question:	Have steps been taken to coordinate Interior's efforts with those of DOE? What specifically has been done?
Answer:	The Department of the Interior has worked closely with DOE in keeping them informed of our plans to host an energy symposium. A formal request was issued to DOE to assist us in this effort and a

positive response was received. The office of the Assistant Secretary for Territorial and International Affairs has maintained frequent contact with DOE to inform them of the progress being made for the symposium and to discuss with them various arrangements.

The logistics of the conference for the most part have been completed. We have decided on the objectives and agenda for the symposium, assembled panel topics and discussants, developed a private sector invitation list, decided on territorial and Island participants for the conference and secured the site at which it is to be held.

Question: Did the Department make any effort to secure authorization and funding of alternate energy projects in the Caribbean areas (Puerto Rico and the Virgin Islands) as part of the Caribbean Basin Initiative? What was done?

Answer: At this point alternate energy has not been seriously considered under the Caribbean Basin Initiative (CBI). The government of the Virgin Islands has never requested the help of our office in this regard. However, we do recognize that the energy problems in the Caribbean area must be given a high priority for the CBI concepts to achieve maximum success. The Office of Territorial and International Affairs is currently involved in the implementation process for the CBI as it relates to the Virgin Islands.

Question: How much will this conference cost and from which account will it be funded? Will leaders from the territories be required to pay their own way or will the Department pay their way?

Answer: The energy symposium is being organized by the staff of the Assistant Secretary for Territorial and International Affairs. The Symposium facilities are being provided free of charge by the Organization of American States and some luncheons will be sponsored by the participating private companies. Transportation and housing costs are the responsibilities of the attendees.

Reforms in the PILT Program

Question: Your budget request assumes enactment of reforms in the PILT program. I understand that you plan to submit new legislation. When will this legislation be submitted? What specific changes do you assume in your budget request?

What new facts lead you to believe that legislation will be enacted this year when no action was taken on legislation you submitted last year to amend the 1976 PILT Act?

Answer: The Department is currently reviewing proposals to revise the PILT program. New legislation may be submitted in the near future, but at this time specifics are still under consideration and review. Although no action was taken on the legislation last year, the Department is committed to proposing a more viable program with a more equitable payment distribution.

Outer Continental Shelf

Question: The budget request assumes major increases in revenues from outer continental shelf royalties and bonus payments. Recent sales in the Gulf, however, have brought in bids far lower than those received last year.

Are all the tracts you propose to lease in the Gulf?

If not, please furnish us with a complete list of which tracts will be leased, where they are located, and historical data from the last 5 years on areas leased in each area you plan to offer leases on this year showing how much was bid, how much was paid and how quickly the payments came in. If your assumptions are outside the historical trend, please submit a detailed justification including any new steps you plan to take to change the trend.

Answer: The lease sales scheduled for FY 1983 will not all be in the Gulf of Mexico but will also include some highly prospective areas offshore Alaska, California, and the Atlantic Coast. Part of the reason for the expected increase in revenues from these sales can be explained by the fact that fiscal year 1983 includes revenue from 9 sales in FY 1983 and a portion of 2 large sales held near the end of FY 1982.

Any attempt to list specific tracts which will be leased in FY 1983 would be highly speculative. We have prepared estimates of receipts by sale area for FY 1983 sales as follows:

Table on Estimation of FY 1983 Receipts

Date	Sale	Area	Budget ($ Millions)
8/82	52 a/	N. Atlantic	740 a/
9/82	71 b/	Diapir Field	978 b/
10/82	69	Gulf of Mexico	798
11/82	57	Norton Basin	192
1/83	73	C & N California	328
2/83	70	St. George Basin	188
3/83	76	Mid Atlantic	979
4/83	75	N. Aleutian Basin	68
5/83	72	Gulf of Mexico	5,646
7/83	78	S. Atlantic	178
8/83	74	Gulf of Mexico	3,074
Royalties			3,299
Escrow Payout			1,494
Total			18,000

a/ Sale held in FY 1982 but 35 percent of receipts assumed to accrue in 1983

b/ Sale held in FY 1982 but 60 percent of receipts assumed to accrue in 1983.

Historical data from recent sales in the Gulf of Mexico are as follows:

Date	Sale Number	Bonus Accepted ($ millions)	Average $ Per Acre
6/77	47	1,170	933
4/78	45	734	1,672
10/78	65	61	304
12/78	51	871	2,113
7/79	58	1,247	3,189
11/79	58-A	1,913	4,539
9/80	A-62	2,676	4,852
11/80	62	1,418	3,699
7/81	A-66	2,650	3,312
10/81	66	1,243	2,466
2/82	67	1,193	2,022

No overall trend is readily apparent although the average per acre bid has been falling consistently for the past several years. This is also reflected in the budget estimated for receipts associated with Sale 69.

It may be noted that scheduled Gulf sales 72 and 74 show significantly higher revenues than any prior sales. These two sales will be the first fully streamlined Gulf sales and will offer all the prospective acreage in the Central Gulf (46 million acres) and Western Gulf (35 million acres).

The Atlantic sales will also be much larger than prior offerings and the most prospective acreage will be offered. Rather modest bonus estimates of just over $1 billion seem reasonable for these large offerings.

The Alaskan sales represent first-time offerings of prospective frontier acreage. Total bonus estimates for the three sale areas which have never been offered are less than $500 million. Only the Diapir Field area has been offered before. At the prior sale entitled "Beaufort Sea" in 1979, bonus receipts exceeded $3 billion.

A recap of historical data on OCS leasing is attached.

Question: How long does it take to prepare an EIS for each area? Is a complete EIS ready for each area you plan to lease? If not, when will EIS's be ready?

Answer: The purpose of an environmental impact statement is to present to the decisionmaker, i.e., the Secretary, an analysis of the environmental impacts which might occur should he proceed with the proposed action or other alternatives treated in the EIS. Accordingly, each EIS is scheduled to be completed shortly before a decision is to be made for each lease sale on the five-year schedule. Under the proposed streamlined leasing schedule, EIS preparation will take place over an approximate 30-month period.

Question: What has been the budget trend for baseline data needed for EIS's in USGS and other Interior bureaus involved in the collection of data necessary for preparing EIS's over the last 5 years? Has this been substantially increased or decreased over the last 5 years?

What efforts have been made to gather such information in the so-called bureaus areas? Please submit precise numbers of dollars and man-hours for each area for each of the last 5 years.

Answer: The table below shows total obligations incurred or to be incurred by Interior bureaus for all environmental data gathering activities connected with the Outer Continental Shelf:

Fiscal Years in Millions of Dollars

Bureau	1979	1980	1981	1982	1983
Geological Survey[a]	9.3	23.3	11.9	8.9	9.1
Fish & Wildlife Service	0.3	0.3	0.3	0.3	0.3
Bureau of Land Management	26.5	45.7[b]	36.5	29.1	30.3
Total, Department of the Interior	36.1	69.3	48.7	38.3	39.7

[a] Includes the Minerals Management Service

[b] This figure includes $7.5 million of a $7.7 million supplememtal which was aproved during late FY 1979 with the condition that funds could be obligated in FY 1980.

Approximately 60 percent of the BLM amounts and 90 percent of the GS amounts have been devoted to studies in frontier areas. For BLM, the annual amounts spent on data collection has decreased as the studies program has accumulated a substantial amount of pertinent information on the Outer Continental Shelf and as the number of frontier areas has decreased. For GS, funding for tract-specific geological hazards assessments conducted by the Minerals Management Service (formerly the Conservation Divsion of the Geological Survey) peaked in FY 1980. These assessments will now be conducted post-sale based on data supplied by industry and the Geological Survey.

TABLE I

DEPARTMENT OF THE INTERIOR **BUREAU OF LAND MANAGEMENT** **Compiled by BLM/NO OCS Office**

ALL SALES

Sale No.	Date of Sale	Location	No. of Tracts Offered	Acres Offered	No. of Tracts Bid On	Acres Bid On	Total Bonus High Bid	No. of Tracts Leased	Acres Leased	Total Bonus Leased Tracts	No. of Bids Rejected	Total Bonus Rejected	Average Per Acre	No. of Bids Rec'd.
1	10/13/54	LA	199	748,819	90	394,721	$ 116,378,476	90	394,721	$ 116,378,476	–	–	$ 294.84	336
1S	10/13/54	LA	108	523,630	5	25,000	$ 1,233,500	5	25,000	$ 1,233,500	–	–	$ 49.34	5
2	11/9/54	TX	38	111,789	19	67,149	$ 23,357,029	19	67,149	$ 23,357,029	–	–	$ 347.84	90
3	7/12/55	TX, LA	210	674,095	121	402,567	$ 108,528,726	121	402,567	$ 108,528,726	–	–	$ 269.59	384
5	5/26/59	FL	80	458,000	23	132,480	$ 1,711,872	23	132,480	$ 1,711,872	–	–	$ 12.92	23
6	8/11/59	LA	38	81,813	28	62,967	$ 90,286,693	19	38,820	$ 88,035,120	9	$ 2,251,573	$ 2,267.28	56
7	2/24/60	TX, LA	385	1,610,254	173	813,663	$ 285,180,648	147	704,526	$ 246,909,784	26	$ 38,270,864	$ 350.46	444
8SA	5/19/60	LA	10	22,085	1	2,500	$ 75,250	1	2,500	$ 75,250	–	–	$ 30.10	1
9	3/13/62	LA	401	1,808,276	212	981,407	$ 177,745,105	206	956,407	$ 177,260,305	6	$ 484,800	$ 185.34	538
10	3/16/62	TX, LA	410	1,875,984	210	977,092	$ 268,724,090	205	956,592	$ 268,333,397	5	$ 390,693	$ 280.51	666
11	10/9/62	LA	19	33,855	14	24,858	$ 44,399,399	9	16,178	$ 43,887,359	5	$ 512,040	$ 2,712.79	26
P1	5/14/63	CA	129	669,777	58	312,975	$ 12,807,587	57	312,945	$ 12,807,337	1	$ 250	$ 40.93	70
12	4/28/64	LA	28	34,028	23	32,671	$ 60,340,626	23	32,671	$ 60,340,626	–	–	$ 1,846.90	69
P2	10/1/64	OR, WA	196	1,090,074	101	580,853	$ 35,533,701	101	580,853	$ 35,533,701	–	–	$ 61.18	222
13S	12/14/65	TX	658	947,520	50	72,000	$ 33,740,309	50	72,000	$ 33,740,309	–	–	$ 468.62	113
14	3/29/66	LA	18	35,993	18	35,993	$ 89,054,406	17	35,056	$ 88,845,963	1	$ 208,443	$ 2,534.44	64
15	10/18/66	LA	52	227,898	32	134,717	$ 101,730,216	24	104,717	$ 99,164,930	8	$ 2,565,286	$ 946.98	79
P3	12/15/66	CA	1	1,995	1	1,995	$ 21,189,000	1	1,995	$ 21,189,000	–	–	$ 10,618.50	7
16	6/13/67	LA	206	971,489	172	812,202	$ 511,957,288	158	744,456	$ 510,079,178	14	$ 1,878,110	$ 685.17	743
17SA	9/5/67	LA	8	16,995	1	2,495	$ 30,564	1	2,495	$ 30,564	–	–	$ 12.25	1
P4	2/6/68	CA	110	540,609	75	383,341	$ 603,204,284	71	363,181	$ 602,719,262	4	$ 485,022	$ 1,659.56	164
18	5/21/68	TX	169	728,551	141	666,631	$ 602,475,717	110	541,304	$ 593,899,046	31	$ 8,576,671	$ 1,097.16	556
19	11/19/68	LA	26	46,824	21	40,262	$ 150,482,797	16	29,679	$ 149,868,789	5	$ 614,008	$ 5,049.59	38
19A	1/14/69	LA	38	96,389	26	61,628	$ 45,588,052	20	48,504	$ 44,037,339	6	$ 1,550,713	$ 907.90	40
20S	5/13/69	LA	120	165,605	38	50,880	$ 3,678,045	4	5,625	$ 715,150	34	$ 2,962,895	$ 127.14	43
19B	12/16/69	LA	27	93,764	16	60,153	$ 66,908,196	16	60,153	$ 66,908,196	–	–	$ 1,112.30	58
21	7/21/70	LA	34	73,360	21	50,889	$ 98,101,013	19	44,642	$ 97,769,013	2	$ 332,000	$ 2,190.07	59
22	12/15/70	LA	127	593,485	127	593,485	$ 851,388,599	119	553,898	$ 847,295,760	8	$ 4,092,839	$ 1,529.70	1043
23	11/4/71	LA	18	55,872	13	42,222	$ 96,491,023	11	37,222	$ 96,304,523	2	$ 186,500	$ 2,587.29	33
24	9/12/72	LA	78	366,682	74	346,693	$ 586,297,925	62	290,321	$ 585,827,925	12	$ 470,000	$ 2,017.87	324
25	12/19/72	LA	132	604,029	119	548,374	$ 1,673,054,912	116	535,874	$ 1,665,519,631	3	$ 7,535,281	$ 3,108.04	690
TOTALS			4,073	15,309,539	2,023	8,714,863	$ 6,761,675,048	1,841	8,094,531	$ 6,688,307,060	182	$ 73,367,988		6,985

TABLE 1 (continued)

DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT Çompiled by BLM/NO OCS Office

ALL SALES (continued)

Sale No.	Date of Sale	Location	No. of Tracts Offered	Acres Offered	No. of Tracts Bid On	Acres Bid On	Total Bonus High Bid	No. of Tracts Leased	Acres Leased	Total Bonus Leased Tracts	No. of Bids Rejected	Total Bonus Rejected	Average Per Acre	No. of Bids Rec'd.
TOTALS BROUGHT FWD.			4,073	15,309,539	2,023	8,714,863	$ 6,761,675,048	1,841	8,094,531	$ 6,688,307,060	182	$ 73,367,988		6,985
26	6/19/73	TX, LA	129	697,643	104	566,573	$ 1,598,590,620	100	547,173	$ 1,591,397,380	4	$ 7,193,240	$ 2,908.40	551
32	12/20/73	MAFLA	147	817,297	89	496,917	$ 1,491,617,119	87	485,397	$ 1,491,065,231	2	$ 551,888	$ 3,071.85	373
33	3/28/74	LA	206	930,918	114	522,397	$ 2,175,095,514	91	421,218	$ 2,092,510,854	23	$ 82,584,660	$ 4,967.76	402
34	5/29/74	TX	245	1,355,678	123	680,335	$ 1,502,429,426	102	565,112	$ 1,471,851,831	21	$ 30,577,595	$ 2,604.53	352
51	7/30/74	TX, LA	258	1,298,739	49	249,704	$ 76,617,645	19	100,241	$ 30,236,800	30	$ 46,380,845	$ 301.64	57
36	10/16/74	LA	287	1,370,031	149	693,172	$ 1,444,156,465	136	634,832	$ 1,427,242,455	13	$ 16,914,010	$ 2,248.22	330
	10/16/74	LA-ROY.	10	51,515	8	40,755	$ 1,018,875	8	40,755	$ 1,018,875	–	–	$ 25.00	57
37	2/4/75	TX	515	2,870,344	143	796,367	$ 300,632,667	113	626,585	$ 274,690,955	30	$ 25,941,712	$ 438.39	281
38	5/28/75	TX, LA	283	1,346,432	102	486,327	$ 250,681,156	86	406,942	$ 232,916,050	16	$ 17,765,106	$ 572.36	191
38A	7/29/75	TX, LA	345	1,772,958	80	408,009	$ 171,511,620	66	336,301	$ 163,214,006	14	$ 8,297,614	$ 485.32	179
35	12/11/75	CA	231	1,257,593	70	384,540	$ 438,190,780	56	310,049	$ 417,312,141	14	$ 20,878,639	$ 1,345.96	166
41	2/18/76	GOM	132	687,604	41	191,718	$ 183,498,244	34	161,286	$ 175,976,493	7	$ 7,521,751	$ 1,091.09	81
39	4/13/76	GOA	189	1,008,500	81	437,524	$ 571,871,587	76	409,058	$ 559,836,587	5	$ 12,035,000	$ 1,368.60	244
40	8/17/76	Mid-ATL	154	876,750	101	575,012	$ 1,135,802,179	93	529,466	$ 1,127,936,425	8	$ 7,865,754	$ 2,130.33	410
44	11/16/76	TX, LA	61	254,488	48	201,825	$ 381,911,757	43	178,127	$ 379,148,962	5	$ 2,762,795	$ 2,128.53	117
47	6/23/77	GOM	223	1,074,536	152	739,326	$ 1,214,002,429	124	605,427	$ 1,170,093,432	28	$ 43,908,997	$ 1,932.68	424
CI	10/27/77	Lo. CI	135	768,580	91	518,080	$ 400,319,543	87	495,307	$ 398,471,313	4	$ 1,848,230	$ 804.49	240
43	3/28/78	So. ATL	224	1,275,273	57	324,511	$ 109,695,692	43	244,807	$ 100,743,443	14	$ 8,952,249	$ 411.52	99
45	4/25/78	TX, LA	145	709,727	101	490,752	$ 767,407,369	90	438,756	$ 733,656,893	11	$ 33,750,476	$ 1,672.13	283
65	10/31/78	GOM	89	511,709	35	201,295	$ 61,176,730	35	201,295	$ 61,176,730	–	–	$ 303.92	62
51	12/19/78	TX, LA	128	643,987	88	449,691	$ 884,589,799	81	412,416	$ 871,464,998	7	$ 13,124,801	$ 2,113.07	288
49	2/28/79	Mid-ATL	109	620,557	44	250,500	$ 41,720,618	39	222,034	$ 40,001,631	5	$ 1,718,987	$ 180.16	74
48	6/29/79	CA	148	792,845	55	294,018	$ 573,956,402	54	288,260	$ 572,825,418	1	$ 1,130,984	$ 1,987.18	112
58	7/31/79	GOM	123	577,517	88	424,030	$ 1,261,358,089	81	391,183	$ 1,247,489,022	7	$ 13,869,067	$ 3,189.02	316
58A	11/27/79	GOM	124	588,601	96	450,914	$ 1,932,894,290	90	421,519	$ 1,913,337,938	6	$ 19,556,352	$ 4,539.15	322
BF	12/11/79	Beau. Sea	46	172,320	25	88,037	$ 491,728,138	24	85,776	$ 488,691,137	1	$ 3,037,001	$ 5,799.68	62
42	12/18/79	No. ATL	116	660,409	73	415,602	$ 827,832,854	63	358,671	$ 816,516,546	10	$ 11,316,308	$ 2,276.51	189
TOTALS			8,875	40,302,090	4,230	20,092,794	$ 27,051,982,655	3,762	18,012,524	$ 26,539,130,606	468	$512,852,049		13,247

TABLE I (continued)

DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT Compiled by BLM/NO OCS Office

ALL SALES (continued)

Sale No.	Date of Sale	Location	No. of Tracts Offered	Acres Offered	No. of Tracts bid On	Acres Bid On	Total Bonus High Bid	No. of Tracts Leased	Acres Leased	Total Bonus Leased Tracts	No. of Bids Rejected	Total Bonus Rejected	Average Per Acre	No. of Bids Rec'd.
TOTALS BROUGHT FWD.			8,875	40,302,090	4,230	20,092,794	$ 27,051,982,655	3,762	18,012,524	$ 26,539,130,606	468	$512,852,049		13,247
A62	9/30/80	GOM	192	909,575	147	706,042	$ 2,805,524,393	116	551,654	$ 2,676,927,673	31	$128,596,720	$ 4,852.54	506
55	10/21/80	GOA	210	1,195,569	37	210,648	$ 117,550,113	35	199,261	$ 109,751,073	2	$ 7,799,040	$ 550.79	64
62	11/18/80	GOM	81	458,308	74	420,058	$ 1,436,448,959	67	383,323	$ 1,417,961,511	7	$ 18,487,448	$ 3,699.12	268
53*	5/28/81	CA	111	603,611	81	432,815	$ 2,277,856,761	55	292,099	$ 2,257,586,761	6	$ 20,270,000	$ 3,773.72	301
RS1	6/30/81	AK	175	996,308	5	28,466	$ 3,091,738	1	5,694	$ 170,496	4	$ 2,921,242	$ 29.95	7
A66	7/21/81	GOM	212	1,077,931	162	829,900	$ 2,666,828,352	156	799,912	$ 2,649,628,752	6	$ 17,199,600	$ 3,312.40	419
56	8/4/81	So. ATL	285	1,621,901	54	307,308	$ 363,829,954	47	267,471	$ 342,766,174	7	$ 21,063,780	$ 1,218.51	120
60	9/29/81	Lo. CI	153	858,247	13	73,158	$ 4,405,899	13	73,158	$ 4,405,899	–	–	$ 60.22	15
66	10/20/81	GOM	209	1,081,364	107	532,064	$ 1,280,983,917	102	508,301	$ 1,243,468,752	5	$ 37,515,165	$ 2,446.32	233
59	12/8/81	Mid-ATL	253	1,440,376	98	557,932	$ 424,927,000	50	284,659	$ 321,981,000	48	$102,946,000	$ 1,131.11	240
67	2/9/82	GOM	234	1,219,847	137	695,765	$ 1,251,793,459	115	590,265	$ 1,193,654,719	22	$ 58,138,740	$ 2,022.29	290
	TOTALS		10,990	51,765,127	5,145	24,886,950	$ 39,685,223,200	4,519	21,968,321	$ 38,757,433,416	606	$927,789,784		15,710

Highest Per-Acre Bid –– Sale 53–$65,014.16
Total Amount of All Bids Received for All Sales––$96,380,805,891
Total Amount of All Rentals for All Sales––$69,146,015

*This figure includes all bids. The decision on acceptance of 19 bids received in a portion of the sale is pending results of litigation. The Sum of High Bids on 19 tracts in litigation––$220,632,072.

TABLE 2

DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT Compiled by BLM/NO OCS Office

GULF OF MEXICO OIL & GAS SALES

Sale No.	Date of Sale	Location	No. of Tracts Offered	Acres Offered	No. of Tracts Bid On	Acres Bid On	Total Bonus High Bids	No. of Tracts Leased	Acres Leased	Total Bonus Leased Tracts	No. of Bids Rejected	Total Bonus Rejected	Average Per Acre	No. of Bids Rec'd.
1	10/13/54	LA	199	748,819	90	394,721	$ 116,378,476	90	394,721	$ 116,378,476	–	–	$ 294.84	336
2	11/9/54	TX	38	111,789	19	67,149	$ 23,357,029	19	67,149	$ 23,357,029	–	–	$ 347.84	90
3	7/12/55	TX, LA	210	674,095	121	402,567	$ 108,528,726	121	402,567	$ 108,528,726	–	–	$ 269.59	384
5	5/26/59	FL	80	458,000	23	132,480	$ 1,711,872	23	132,480	$ 1,711,872	–	–	$ 12.92	23
6	8/11/59	LA	38	81,813	28	62,967	$ 90,286,693	19	38,820	$ 88,035,120	9	$ 2,251,573	$ 2,267.28	56
7	2/24/60	TX, LA	385	1,610,254	173	813,663	$ 285,180,648	147	704,526	$ 246,909,784	26	$ 38,270,864	$ 350.46	444
9	3/13/62	LA	401	1,808,276	212	981,407	$ 177,745,105	206	956,407	$ 177,260,305	6	$ 484,800	$ 185.34	538
10	3/16/62	TX, LA	410	1,875,984	210	977,092	$ 268,724,090	205	956,592	$ 268,333,397	5	$ 390,693	$ 280.51	666
11	10/9/62	LA	19	33,855	14	24,858	$ 44,399,399	9	16,178	$ 43,887,359	5	$ 512,040	$ 2,712.79	26
12	4/28/64	LA	28	34,028	23	32,671	$ 60,340,626	23	32,671	$ 60,340,626	–	–	$ 1,846.90	69
14	3/29/66	LA	18	35,993	18	35,993	$ 89,054,406	17	35,056	$ 88,845,963	1	$ 208,443	$ 2,534.44	64
15	10/18/66	LA	52	227,898	32	134,717	$ 101,730,216	24	104,717	$ 99,164,930	8	$ 2,565,286	$ 946.98	79
16	6/13/67	LA	206	971,489	172	812,202	$ 511,957,288	158	744,456	$ 510,079,178	14	$ 1,878,110	$ 685.17	743
18	5/21/68	TX	169	728,551	141	666,631	$ 602,475,717	110	541,304	$ 593,899,046	31	$ 8,576,671	$ 1,097.16	556
19	11/19/68	LA	26	46,824	21	40,262	$ 150,482,797	16	29,679	$ 149,868,789	5	$ 614,008	$ 5,049.59	38
19A	1/14/69	LA	38	96,389	26	61,628	$ 45,588,052	20	48,504	$ 44,037,339	6	$ 1,550,713	$ 907.90	40
19B	12/16/69	LA	27	93,764	16	60,153	$ 66,908,196	16	60,153	$ 66,908,196	–	–	$ 1,112.30	58
21	7/21/70	LA	34	73,360	21	50,889	$ 98,101,013	19	44,642	$ 97,769,013	2	$ 332,000	$ 2,190.07	59
22	12/15/70	LA	127	593,485	127	593,485	$ 851,388,599	119	553,898	$ 847,295,760	8	$ 4,092,839	$ 1,529.70	1,043
23	11/4/71	LA	18	55,872	13	42,222	$ 96,491,023	11	37,222	$ 96,304,523	2	$ 186,500	$ 2,587.29	33
24	9/12/72	LA	78	366,682	74	346,693	$ 586,297,925	62	290,321	$ 585,827,925	12	$ 470,000	$ 2,017.87	324
25	12/19/72	LA	132	604,029	119	548,374	$ 1,673,054,912	116	535,874	$ 1,665,519,631	3	$ 7,535,281	$ 3,108.04	690
26	6/19/73	TX, LA	129	697,643	104	566,573	$ 1,598,590,620	100	547,173	$ 1,591,397,380	4	$ 7,193,240	$ 2,908.40	551
32	12/20/73	MAFLA	147	817,297	89	496,917	$ 1,491,617,119	87	485,397	$ 1,491,065,231	2	$ 551,888	$ 3,071.85	373
33	3/28/74	LA	206	930,918	114	522,397	$ 2,175,095,514	91	421,218	$ 2,092,510,854	23	$ 82,584,660	$ 4,967.76	402
34	5/29/74	TX	245	1,355,678	123	680,335	$ 1,502,429,426	102	565,112	$ 1,471,851,831	21	$ 30,577,595	$ 2,604.53	352
51	7/30/74	TX, LA	258	1,298,739	49	249,704	$ 76,617,645	19	100,241	$ 30,236,800	30	$ 46,380,845	$ 301.64	57
36	10/16/74	LA	287	1,370,031	149	693,172	$ 1,444,156,465	136	634,832	$ 1,427,242,455	13	$ 16,914,010	$ 2,248.22	330
	10/16/74	LA-ROY	10	51,515	8	40,755	$ 1,018,875	8	40,755	$ 1,018,875	–	–	$ 25.00	57
	TOTALS		4,015	17,853,070	2,329	10,532,677	$ 14,339,708,472	2,093	9,522,665	$ 14,085,586,413	236	$254,122,059		8,481

TABLE 2 (continued)

DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT Compiled by BLM/NO OCS Office

GULF OF MEXICO OIL & GAS SALES (continued)

Sale No.	Date of Sale	Location	No. of Tracts Offered	Acres Offered	No. of Tracts Bid On	Acres Bid On	Total Bonus High Bids	No. of Tracts Leased	Acres Leased	Total Bonus Leased Tracts	No. of Bids Rejected	Total Bonus Rejected	Average Per Acre	No. of Bids Rec'd.
TOTALS BROUGHT FWD.			4,015	17,853,070	2,329	10,532,677	$ 14,339,708,472	2,093	9,522,665	$ 14,085,586,413	236	$254,122,059		8,481
37	2/4/75	TX	515	2,870,344	143	796,367	$ 300,632,667	113	626,585	$ 274,690,955	30	$ 25,941,712	$ 438.39	281
38	5/28/75	TX, LA	283	1,346,432	102	486,327	$ 250,681,156	86	406,942	$ 232,916,050	16	$ 17,765,106	$ 572.36	191
38A	7/29/75	TX, LA	345	1,772,958	80	408,009	$ 171,511,620	66	336,301	$ 163,214,006	14	$ 8,297,614	$ 485.32	179
41	2/18/76	GOM	132	687,604	41	191,718	$ 183,498,244	34	161,266	$ 175,976,493	7	$ 7,521,751	$ 1,091.09	81
44	11/16/76	TX, LA	61	254,488	48	201,825	$ 381,911,757	43	178,127	$ 379,148,962	5	$ 2,762,795	$ 2,128.53	117
47	6/23/77	GOM	223	1,074,536	152	739,326	$ 1,214,002,429	124	605,427	$ 1,170,093,432	28	$ 43,908,997	$ 1,932.68	424
45	4/25/78	TX, LA	145	709,727	101	490,752	$ 767,407,369	90	438,756	$ 733,656,893	11	$ 33,750,476	$ 1,672.13	283
65	10/31/78	GOM	89	511,709	35	201,295	$ 61,176,730	35	201,295	$ 61,176,730	–	–	$ 303.92	62
51	12/19/78	TX, LA	128	643,987	88	449,691	$ 884,589,799	81	412,416	$ 871,464,998	7	$ 13,124,801	$ 2,113.07	288
58	7/31/79	GOM	123	577,517	88	424,030	$ 1,261,358,089	81	391,183	$ 1,247,489,022	7	$ 13,869,067	$ 3,189.02	316
58A	11/27/79	GOM	124	588,601	96	450,914	$ 1,932,894,290	90	421,519	$ 1,913,337,938	6	$ 19,556,352	$ 4,539.15	322
A62	9/30/80	GOM	192	909,575	147	706,042	$ 2,805,524,393	116	551,654	$ 2,676,927,673	31	$128,596,720	$ 4,852.54	506
62	11/18/80	GOM	81	458,308	74	420,058	$ 1,436,448,959	67	383,323	$ 1,417,961,511	7	$ 18,487,448	$ 3,699.12	268
A66	7/21/81	GOM	212	1,077,931	162	829,900	$ 2,666,828,352	156	799,912	$ 2,649,628,752	6	$ 17,199,600	$ 3,312.40	419
66	10/20/81	GOM	209	1,081,364	107	532,064	$ 1,280,983,917	102	508,301	$ 1,243,468,752	5	$ 37,515,165	$ 2,446.32	233
67	2/9/82	GOM	234	1,219,847	137	695,765	$ 1,251,793,459	115	590,265	$ 1,193,654,719	22	$ 58,138,740	$ 2,022.29	290
	TOTALS		7,111	33,667,998	3,930	18,556,760	$ 31,190,951,702	3,492	16,535,957	$ 30,490,393,299	438	$700,558,403		12,741

Highest Per Acre Bid––Sale 66–$53,313.00
Total Amount of All Bids Received For All Sales––$78,381,982,642
Total Amount of All Rentals For All Sales––$52,204,505

TABLE 3

DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT Compiled by BLM/NO OCS Office

GULF OF MEXICO OIL & GAS DRAINAGE SALES

Sale No.	Date of Sale	Location	No. of Tracts Offered	Acres Offered	No. of Tracts Bid On	Acres Bid On	Total Bonus High Bids	No. of Tracts Leased	Acres Leased	Total Bonus Leased Tracts	No. of Bids Rejected	Total Bonus Rejected	Average Per Acre	No. of Bids Rec'd.
6	8/11/59	LA	38	81,813	28	62,967	$ 90,286,693	19	38,820	$ 88,035,120	9	$ 2,251,573	$ 2,267.28	56
11	10/9/62	LA	19	33,855	14	24,858	$ 44,399,399	9	16,178	$ 43,887,359	5	$ 512,040	$ 2,712.79	26
12	4/28/64	LA	28	34,028	23	32,671	$ 60,340,626	23	32,671	$ 60,340,626	–	–	$ 1,846.90	69
14	3/29/66	LA	18	35,993	18	35,993	$ 89,054,406	17	35,056	$ 88,845,963	1	$ 208,443	$ 2,534.44	64
15	10/18/66	LA	52	227,898	32	134,717	$ 101,730,216	24	104,717	$ 99,164,930	8	$ 2,565,286	$ 946.98	79
19	11/19/68	LA	26	46,824	21	40,262	$ 150,482,797	16	29,679	$ 149,868,789	5	$ 614,008	$ 5,049.59	38
19A	1/14/69	LA	38	96,389	26	61,628	$ 45,588,052	20	48,504	$ 44,037,339	6	$ 1,550,713	$ 907.90	40
19B	12/16/69	LA	27	93,764	16	60,153	$ 66,908,196	16	60,153	$ 66,908,196	–	–	$ 1,112.30	58
21	7/21/70	LA	34	73,360	21	50,889	$ 98,101,013	19	44,642	$ 97,769,013	2	$ 332,000	$ 2,190.07	59
23	11/4/71	LA	18	55,872	13	42,222	$ 96,491,023	11	37,222	$ 96,304,523	2	$ 186,500	$ 2,587.29	33
44	11/16/76	TX, LA	61	254,488	48	201,825	$ 381,911,757	43	178,127	$ 379,148,962	5	$ 2,762,795	$ 2,128.53	117
45	4/25/78	TX, LA	145	709,727	101	490,752	$ 767,407,369	90	438,756	$ 733,656,893	11	$ 33,750,476	$ 1,672.13	283
	TOTALS		504	1,744,011	361	1,238,937	$ 1,992,701,547	307	1,064,525	$ 1,947,967,713	54	$ 44,733,834		922

Total Amount of All Bids Received for All Drainage Sales--$4,223,603,290
Total Amount of All Rentals for All Drainage Sales--$5,803,679

TABLE 4

DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT Compiled by BLM/NO OCS Office

GULF OF MEXICO OIL & GAS GENERAL SALES

Sale No.	Date of Sale	Location	No. of Tracts Offered	Acres Offered	No. of Tracts Bid On	Acres Bid On	Total Bonus High Bids	No. of Tracts Leased	Acres Leased	Total Bonus Leased Tracts	No. of Bids Rejected	Total Bonus Rejected	Average Per Acre	No. of Bids Rec'd.
1	10/13/54	LA	199	748,819	90	394,721	$ 116,378,476	90	394,721	$ 116,378,476	–	–	$ 294.84	336
2	11/9/54	TX	38	111,789	19	67,149	$ 23,357,029	19	67,149	$ 23,357,029	–	–	$ 347.84	90
3	7/12/55	TX, LA	210	674,095	121	402,567	$ 108,528,726	121	402,567	$ 108,528,726	–	–	$ 269.59	384
5	5/26/59	FL	80	458,000	23	132,480	$ 1,711,872	23	132,480	$ 1,711,872	–	–	$ 12.92	23
7	2/24/60	TX, LA	385	1,610,254	173	813,663	$ 285,180,648	147	704,526	$ 246,909,784	26	$ 38,270,864	$ 350.46	444
9	3/13/62	LA	401	1,808,276	212	981,407	$ 177,745,105	206	956,407	$ 177,260,305	6	$ 484,800	$ 185.34	538
10	3/16/62	TX, LA	410	1,875,984	210	977,092	$ 268,724,090	205	956,592	$ 268,333,397	5	$ 390,693	$ 280.51	666
16	6/13/67	LA	206	971,489	172	812,202	$ 511,957,288	158	744,456	$ 510,079,178	14	$ 1,878,110	$ 685.17	743
18	5/21/68	TX	169	728,551	141	666,631	$ 602,475,717	110	541,304	$ 593,899,046	31	$ 8,576,671	$ 1,097.16	556
22	12/15/70	LA	127	593,485	127	593,485	$ 851,388,599	119	553,898	$ 847,295,760	8	$ 4,092,839	$ 1,529.70	1,043
24	9/12/72	LA	78	366,682	74	346,693	$ 586,297,925	62	290,321	$ 585,827,925	12	$ 470,000	$ 2,017.87	324
25	12/19/72	LA	132	604,029	119	548,374	$ 1,673,054,912	116	535,874	$ 1,665,519,631	3	$ 7,535,281	$ 3,108.04	690
26	6/19/73	TX, LA	129	697,643	104	566,573	$ 1,598,590,620	100	547,173	$ 1,591,397,380	4	$ 7,193,240	$ 2,908.40	551
32	12/20/73	MAFLA	147	817,297	89	496,917	$ 1,491,617,119	87	485,397	$ 1,491,065,231	2	$ 551,888	$ 3,071.85	373
33	3/28/74	LA	206	930,918	114	522,397	$ 2,175,095,514	91	421,218	$ 2,092,510,854	23	$ 82,584,660	$ 4,967.76	402
34	5/29/74	TX	245	1,355,678	123	680,335	$ 1,502,429,426	122	565,112	$ 1,471,851,831	1	$ 30,577,595	$ 2,604.53	352
S1	7/30/74	TX, LA	258	1,298,739	49	249,704	$ 76,617,645	19	100,241	$ 30,236,800	30	$ 46,380,845	$ 301.64	57
36	10/16/74	LA	287	1,370,031	149	693,172	$ 1,444,156,465	136	634,832	$ 1,427,242,455	13	$ 16,914,010	$ 2,248.22	330
	10/16/74	LA-ROY	10	51,515	8	40,755	$ 1,018,875	8	40,755	$ 1,018,875	–	–	$ 25.00	57
37	2/4/75	TX	515	2,870,344	143	796,367	$ 300,632,667	113	626,585	$ 274,690,955	30	$ 25,941,712	$ 438.39	281
38	5/28/75	TX, LA	283	1,346,432	102	486,327	$ 250,681,156	86	406,942	$ 232,916,050	16	$ 17,765,106	$ 572.36	191
38A	7/29/75	TX, LA	345	1,772,958	80	408,009	$ 171,511,620	66	336,301	$ 163,214,006	14	$ 8,297,614	$ 485.32	179
41	2/18/76	GOM	132	687,604	41	191,718	$ 183,498,244	34	161,286	$ 175,976,493	7	$ 7,521,751	$ 1,091.09	81
47	6/23/77	GOM	223	1,074,536	152	739,326	$ 1,214,002,429	124	605,427	$ 1,170,093,432	28	$ 43,908,997	$ 1,932.68	424
65	10/31/78	GOM	89	511,709	35	201,295	$ 61,176,730	35	201,295	$ 61,176,730	–	–	$ 303.92	62
51	12/19/78	TX, LA	128	643,987	88	449,691	$ 884,589,799	81	412,416	$ 871,464,998	7	$ 13,124,801	$ 2,113.07	288
58	7/31/79	GOM	123	577,517	88	424,030	$ 1,261,358,089	81	391,183	$ 1,247,489,022	7	$ 13,869,067	$ 3,189.02	316
58A	11/27/79	GOM	124	588,601	96	450,914	$ 1,932,894,290	90	421,519	$ 1,913,337,938	6	$ 19,556,352	$ 4,539.15	322
A62	9/30/80	GOM	192	909,575	147	706,042	$ 2,805,524,393	116	551,654	$ 2,676,927,673	31	$128,596,720	$ 4,852.54	506
62	11/18/80	GOM	81	458,308	74	420,058	$ 1,436,448,959	67	383,323	$ 1,417,961,511	7	$ 18,487,448	$ 3,699.12	268
	TOTALS		5,952	28,514,845	3,163	15,260,094	$ 23,998,644,427	2,832	13,572,954	$ 23,455,673,363	331	$542,971,064		10,877

TABLE 4 (continued)

DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT Compiled by BLM/NO OCS Office

GULF OF MEXICO OIL & GAS GENERAL SALES (continued)

Sale No.	Date of Sale	Location	No. of Tracts Offered	Acres Offered	No. of Tracts Bid On	Acres Bid On	Total Bonus High Bids	No. of Tracts Leased	Acres Leased	Total Bonus Leased Tracts	No. of Bids Rejected	Total Bonus Rejected	Average Per Acre	No. of Bids Rec'd.
TOTALS BROUGHT FWD.			5,952	28,514,845	3,163	15,260,094	$ 23,998,644,427	2,832	13,572,954	$ 23,455,673,363	331	$542,971,064		10,877
A66	7/21/81	GOM	212	1,077,931	162	829,900	$ 2,666,828,352	156	799,912	$ 2,649,628,752	6	$ 17,199,600	$ 3,312.40	419
66	10/20/81	GOM	209	1,081,364	107	532,064	$ 1,280,983,917	102	508,301	$ 1,243,468,752	5	$ 37,515,165	$ 2,446.32	233
67	2/9/82	GOM	234	1,219,847	137	695,765	$ 1,251,793,459	115	590,265	$ 1,193,654,719	22	$ 58,138,740	$ 2,022.29	290
TOTALS			6,607	31,893,987	3,569	17,317,823	$ 29,198,250,155	3,205	15,471,432	$ 28,542,425,586	364	$655,824,569		11,819

Highest Per Acre Bid––Sale 66–$53,313.00
Total Amount of All Bids Received for All General Sales––$74,158,379,352
Total Amount of All Rentals for All General Sales––$46,400,826

TABLE 5

DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT Compiled by BLM/NO OCS Office

GULF OF MEXICO SALT & SULPHUR SALES

Sale No.	Date of Sale	Location	No. of Tracts Offered	Acres Offered	No. of Tracts Bid On	Acres Bid On	Total Bonus High Bids	No. of Tracts Leased	Acres Leased	Total Bonus Leased Tracts	No. of Bids Rejected	Total Bonus Rejected	Average Per Acre	No. of Bids Rec'd.
1	10/13/54	Sul-LA	108	523,630	5	25,000	$ 1,233,500	5	25,000	$ 1,233,500	–	–	$ 49.34	5
8	5/19/60	Sa-LA	10	22,085	1	2,500	$ 75,250	1	2,500	$ 75,250	–	–	$ 30.10	1
13	12/14/65	Sul-TX	658	947,520	50	72,000	$ 33,740,309	50	72,000	$ 33,740,309	–	–	$ 468.62	113
17	9/5/67	Sa-LA	8	16,995	1	2,495	$ 30,564	1	2,495	$ 30,564	–	–	$ 12.25	1
20	5/13/69	Sul-LA	120	165,605	38	50,880	$ 3,678,045	4	5,625	$ 715,150	34	$ 2,962,895	$ 127.14	43
	TOTALS		904	1,675,835	95	152,875	$ 38,757,668	61	107,620	$ 35,794,773	34	$ 2,962,895		163

Total Amount of All Bids Received for All Sales–$61,734,227
Total Amount of All Rentals for All Sales–$297,860

TABLE 6

DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT Compiled by BLM/NO OCS Office

ALASKA OIL & GAS SALES

Sale No.	Date of Sale	Location	No. of Tracts Offered	Acres Offered	No. of Tracts Bid On	Acres Bid On	Total Bonus High Bids	No. of Tracts Leased	Acres Leased	Total Bonus Leased Tracts	No. of Bids Rejected	Total Bonus Rejected	Average Per Acre	No. of Bids Rec'd.
39	4/13/76	GOA	189	1,008,500	81	437,524	$ 571,871,587	76	409,058	$ 559,836,587	5	$ 12,035,000	$ 1,368.60	244
CI	10/27/77	Lo. CI	135	768,580	91	518,080	$ 400,319,543	87	495,307	$ 398,471,313	4	$ 1,848,230	$ 804.49	240
BF	12/11/79	Beau. Sea	46	172,320	25	88,037	$ 491,728,138	24	85,776	$ 488,691,137	1	$ 3,037,001	$ 5,799.68	62
55	10/21/80	GOA	210	1,195,569	37	210,648	$ 117,550,113	35	199,261	$ 109,751,073	2	$ 7,799,040	$ 550.79	64
RS1	6/30/81	AK	175	996,308	5	28,466	$ 3,091,738	1	5,694	$ 170,496	4	$ 2,921,242	$ 29.95	7
60	9/29/81	Lo. CI	153	858,247	13	73,158	$ 4,405,899	13	73,158	$ 4,405,899	—	—	$ 60.22	15
	TOTALS		908	4,999,524	252	1,355,913	$ 1,588,967,018	236	1,268,254	$ 1,561,326,505	16	$ 27,640,513		632

Total Amount of All Bids Received for All Sales—$3,562,388,791
Total Amount of All Rentals for All Sales—$4,008,518

TABLE 7

DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT Compiled by BLM/NO OCS Office

NEW YORK OIL & GAS SALES

Sale No.	Date of Sale	Location	No. of Tracts Offered	Acres Offered	No. of Tracts Bid On	Acres Bid On	Total Bonus High Bids	No. of Tracts Leased	Acres Leased	Total Bonus Leased Tracts	No. of Bids Rejected	Total Bonus Rejected	Average Per Acre	No. of Bids Rec'd.
40	8/17/76	Mid-ATL	154	876,750	101	575,012	$ 1,135,802,179	93	529,466	$ 1,127,936,425	8	$ 7,865,754	$ 2,130.33	410
43	3/28/78	So. ATL	224	1,275,273	57	324,511	$ 109,695,692	43	244,807	$ 100,743,443	14	$ 8,952,249	$ 411.52	99
49	2/28/79	Mid-ATL	109	620,557	44	250,500	$ 41,720,618	39	222,034	$ 40,001,631	5	$ 1,718,987	$ 180.16	74
42	12/18/79	No. ATL	116	660,409	73	415,602	$ 827,832,854	63	358,671	$ 816,516,546	10	$ 11,316,308	$ 2,276.51	189
56	8/4/81	So. ATL	285	1,621,901	54	307,308	$ 363,829,954	47	267,471	$ 342,766,174	7	$ 21,063,780	$ 1,218.51	120
59	12/8/81	Mid-ATL	253	1,440,376	98	557,932	$ 424,927,000	50	264,659	$ 321,981,000	48	$102,946,000	$ 1,131.11	240
	TOTALS		1,141	6,495,266	427	2,430,865	$ 2,903,808,297	335	1,907,108	$ 2,749,945,219	92	$153,863,078		1,132

Total Amount of All Bids Received for All Sales—$6,141,137,638
Total Amount of All Rentals for All Sales—$6,110,829

TABLE 8

DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT Compiled by BLM/NO OCS Office

PACIFIC OIL & GAS SALES

Sale No.	Date of Sale	Location	No. of Tracts Offered	Acres Offered	No. of Tracts Bid On	Acres Bid On	Total Bonus High Bids	No. of Tracts Leased	Acres Leased	Total Bonus Leased Tracts	No. of Bids Rejected	Total Bonus Rejected	Average Per Acre	No. of Bids Rec'd.
P1	5/14/63	CA	129	669,777	58	312,975	$ 12,807,587	57	312,945	$ 12,807,337	1	$ 250	$ 40.93	70
P2	10/1/64	OR-WA	196	1,090,074	101	580,853	$ 35,533,701	101	580,853	$ 35,533,701	–	–	$ 61.18	222
P3	12/15/66	CA	1	1,995	1	1,995	$ 21,189,000	1	1,995	$ 21,189,000	–	–	$ 10,618.50	7
P4	2/6/68	CA	110	540,609	75	383,341	$ 603,204,284	71	363,181	$ 602,719,262	4	$ 485,022	$ 1,659.56	164
35	12/11/75	So. CA	231	1,257,593	70	384,540	$ 438,190,780	56	310,049	$ 417,312,141	14	$ 20,878,639	$ 1,345.96	166
48	6/29/79	CA	148	792,845	55	294,018	$ 573,956,402	54	288,260	$ 572,825,418	1	$ 1,130,984	$ 1,987.18	112
53*	5/28/81	CA	111	603,611	81	432,815	$ 2,277,856,761	55	292,099	$ 2,257,586,761	6	$ 20,270,000	$ 3,773.72	301
	TOTALS		926	4,956,504	441	2,390,537	$ 3,962,738,515	395	2,149,382	$ 3,919,973,620	26	$ 42,764,895		1,042

Total Amount of All Bids Received for All Sales–$8,233,562,593
Total Amount of All Rentals for All Sales–$6,515,303

*This figure includes all bids. The decision on acceptance of 19 bids received in a portion of the sale is pending results of litigation. The Sum of High Bids on 19 tracts in litigation–$220,632,072.

Capital Relocation in Marshall Islands

Question: In the FY 1983 request, only $7.8 million (BA) is budgeted for capital relocation in the Marshall Islands, the Federated States and Palau.

Does this reduced level indicate a reduction in the level of Federal Commitment to these projects?

If not, what is the level of commitment and why was only $7.8 million requested? When will construction start and how will it be affected by the decreased request, since the total projects will likely be in the neighborhood of about $21 million?

Answer: The commitment of this Administration continues to be $21 million. Until the actual planning and design work is completed, we will not be in a position to determine precisely when construction will take place and when the balance of the commitment will be required. The planning and design work will be initiated using FY 1982 funds. The $7.8 million requested in FY 1983 is our estimate of what the costs for actual construction may be during FY 1983.

College of Micronesia

Question: Does the Department plan to request funds for needed improvement at the current campus of the College of Micronesia? Why was the committee's report language directing that $600,000 be made available for A&E work at Palikir ignored? Do you plan to advise the committee of actions you plan - or do not plan - to take on this matter? When will you do that?

Answer: Within the $1.4 million requested for operations of the College of Micronesia, we expect funds to be available for some needed improvements. We will however, consider any other required funding in future budgets.

We are not aware of any language in Senate Report No. 97-166 that directs $600,000 to be made available for A&E work for the College of the Palikir site. The $600,000 referenced in the report is for college operations. The Committee's expection that funds be made available for A&E work from capital relocation funds has not been ignored. We are currently in the process of determining the formula for distribution of the $2.88 million available for capital relocation, and the Committee will be advised when that is completed.

Indian Action Team for Coushatta Indians

Question: When will funds be allocated to the Coushatta Indians for their Indian Action Team as directed by the committee in report language? Were any funds requested for this project in FY 1983? If not, why not?

Answer: The Coushatta Tribe has been requested to redistribute their FY 1982 former Indian Action Teams allocation of $172,600 to within the seven programs as determined by Congress. The same request was made of all former IAT Tribes.

Bureau-wide the proposed tribal redistribution is over-subscribed in Agriculture and under-subscribed in the Housing program.

Consequently, we are considering a proposal to reprogram authority for these two programs within the proposed tribal distributions. At the same time, the Bureau is prepared to make final field allocations of all other former IAT funds as proposed by the respective tribes. This is expected to happen very shortly.

Since the IAT program has been eliminated by Congress, former IAT funds are planned within the FY 1983 base allocations of the tribes which previously operated an IAT program. Under the tribal priority system, tribes, including the Coushattas, have exercised their option to distribute these funds to other programs to meet local needs and priorities.

Recreation Fee Structure

Question: Mr. Secretary, on February 22, you transmitted a proposal to the Congress to significantly restructure the recreation fee structure.

According to the FY 83 budget justification books, some $60 million in increased revenues to the Treasury are anticipataed as a result of this proposal.

On February 26, you requested that the legislation be "withdrawn" to allow the Department to reflect "our true intention."

How are we supposed to consider the Department's budget if we don't know from one day to the next what the Administration's position is on things like recreational fees.

Answer: A variety of approaches on raising fee revenues are presently under consideration within the Administration. Final decisions on the form the legislation might take have not yet been made. The President's budget proposes that the increased fees collected in FY 1983 will be appropriated to the collecting agency in FY 1984 and beyond.

Outer Continental Shelf Receipts

Question: Mr. Secretary, is it true that the FY 1983 Department of the Interior budget estimates the Outer Continental Shelf receipts to the Treasury will total some $18 billion next year?

Are these the funds from which Land and Water Conservation Fund monies are appropriated?

Answer: Yes, the Outer Continental Shelf receipts to the Treasury will total some $18 billion next year. Of that amount, approximately $624 million will go into the Land and Water Conservation Fund.

Question: Don't you think that the Department's $69 million land acquisition request, some .004% (4-tenths of 1 percent) of the total funds available, is a bit modest?

Don't you see some merit in taking a relatively small portion of these rapidly increasing revenues and quickly eliminating the backlog of authorized but unacquired park lands?

Answer: The need to cut Federal expenditures still exists today. During this time of reduced Federal expenditures it is imperative that funds be used where the need is greatest. The greatest need is to bring our parks up to standard.

Departmental Legislative Initiatives

Question: Mr. Secretary, on Page 3 of your statement, you say that you are gratified "that the Congress has supported the changes of policy and direction that we have initiated."

By my recollection, so far the Congress has not agreed with your proposals to:

1. make major changes in the Payments in Lieu of Taxes Act;
2. amend the Land and Water Conservation Fund to allow those funds to be used for rehabilitation and maintenance;
3. eliminate funding for the Historic Preservation Program;
4. eliminate funding for the Urban Parks Program;
5. all but eliminate monies for Federal land acquisition;
6. open environmentally sensitive tracts offshore in northern California to oil and gas leasing;
7. accelerate the issuance of oil and gas leases in national forest wilderness areas;

8 move the technical service of the Office of Suirface Mining from Denver to Casper; and

9. increase fees (bill "withdrawn" 5 days after it was transmitted).

Specifically, what legislative initiatives have the Department transmitted that have been approved by the Congress?

Answer: We are satisfied with the accomplishments of our FY 1982 budget and legislative initiatives. For example, consider the following points for each of the nine, assertions made in the question.

1. While Congress did not agree to make major changes in the formula, it did agree with the need to continue funding, which had not been requested in the Carter 1982 budget.
2. Congress doubled funding at the Administration's request for the Park Restoration and Improvement Program but did not allow use of the Land and Water Conservation Fund for this purpose. However, our major purpose was to increase funding, no matter from what source.
3. We sought to zero Historic Preservation grants to states. The Carter Budget sought $26.4 million and Congress appropriated $21 million. We feel that this was a definite move toward our position.
4. We sought to zero the Urban Parks Program. The Carter Budget asked for $75 million and Congress appropriated only $7.7 million clearly a major victory.
5. We recommended a 90 percent reduction in Federal land acquisition and Congress reduced the Carter request by 70 percent. Again, a clear victory.
6. We dropped consideration of the four disputed Northern California tracts following a negative court decision that could have dampened future sales off the California coast.
7. We did not propose additional leasing in Forest Service Wilderness since we can only consider such sales when recommended by the Forest Service.
8. Congress did prohibit the movement of approximately 60 people from Denver to Casper. This was not considered a major initiative by the Department.

9. The recreation fee bill was dropped when substantial opposition to the Forest Service proposal developed on Capitol Hill. The objections were not raised to Interior's portion of the proposed legislation.

The legislative initiatives undertaken by the Administration were primarily related to the Economic Recovery Act and the budget in general. We are satisfied with the success of our program in the Congress and we look forward to working with the Congress in the next session to improve further the management of the Nation's natural resources.

Payment to States and Local Governments, Filing Fees, and Receipts

Question: Mr. Secretary, I must say that I am amused by some of the Department's "accomplishments" and initiatives."

You say that "we made record payments to state and local governments in the form of shared revenues from energy production ...." What contributions did the Department make in this regard? Are not these increases simply the result of increased oil and gas prices?

Answer: Increases in receipts from several mineral commodities are responsible for record payments to states and local governments. The increased oil and gas prices stimulated industry interest in leasing and production in areas that were uneconomical before. The number of acres leased for oil and gas increased dramaticaly. The average size of leases increased from 1,000 acreas in 1980 to 2,200 in 1981. Eight competitive coal leases were sold in Green River Hams Fork with bonus bids totalling over $11 million. The Department initiated major streamlining measures in FY 1981 to accelerate the issuance of leases. This action will result in increased revenues in future years.

Question: You say "we raised the oil and gas filing fee first from $10 to $25 and then to $75." Didn't the Congress mandate the fee increase from $10 to not less than $25 in the Reconciliation Act?

Answer: At Congressional initiative, the Reconciliation Act required the Department to raise simultaneous oil and gas filing fees from $10 to not less than $25. After passage of the Act and subsequent public input, the fee was set at $25. After further Departmental study and public involvement, the filing fee was raised to $75 on February 19, 1982.

Question: With regard to leasing in NPR-A, wasn't this program mandated by Congress in the FY 1981 Appropriations Act?

Answer: That is correct. The legislative base for this program was established in the FY 1981 Appropriations Act. We have implemented an aggressive program to accomplish the intent of that legislation. For example, our first lease sale was held only 16 months after passage of the Act. As a result, the sale was held four months before the legislatively established deadline of 20 months.

Question: Were not the "initiatives" you speak of relative to oil and gas leasing onshore in Alaska other than NPR-A mandated by Congress in the Alaska Lands Act?

Answer: The Alaska National Interest Lands Conservation Act provided the legislative base for this program. In Section 1001, an interdisciplinary study of oil and gas and other resources was established, and Section 1008 provided for developing an oil and gas leasing program outside NPR-A and the Central Arctic Area.

We are aggressively taking the initiative in both of these programs. Section 1001 studies have been initiated. In 1982, lands in Minchumina and Denali areas will be made available for oil and gas leasing. Similarly, in FY 1983, the Lime Hills and Fortymile areas will be available.

Land Acquisition Backlog

Question: Mr. Secretary, in your statement you say that the Department has "instituted a near moratorium on adding new units to the Park System until needed work in existing parks can be accomplished and previous acquisitions paid for."

While I have no serious quarrel with the first condition, I am somewhat confounded by the second. How can we ever reduce the backlog of authorized but unacquired park lands if the Administration continues to oppose all but token land acquisition funding while at the same time seeking to drain off Land and Water Conservation Fund monies for rehabilitation and repair?

If new Federal park and recreation areas in this nation are dependent on eliminating the land acquisition backlog under the amounts you propose, then I think there is little chance of any new areas in the foreseeable future.

Answer: We must be better stewards of what we have before we seek more park land. With the existing poor state of our parks and the economic conditions that exist today, the limited funds that are available must be diverted towards bringing our existing parks up to standard.

Other alternatives to fee acquisition are being reviewed to reduce this backlog of unacquired park lands, which may be as high as $1.5 billion for the National Park Service alone.

Bureau of Land Management's Budget

Question: Mr. Secretary, in the Department's budget request for the Bureau of Land Management increases are recommended for Onshore and Offshore Minerals Management, Energy and Non-Energy Related Realty, and Fire Management. Decreased funding levels are requested for Forest and Range Management, Recreation Management, Wildlife Habitat Work, and Soil, Water and the Air Management. Do you think that such a budget reflects a balanced approach to resource management of the public lands?

Answer: The FY 1983 budget was developed based on national priorities for the various multiple uses as influenced by a constrained budget. We believe that our budget does represent a balance between the use, conservation and protection of our various resources. Energy is admittedly a higher priority than it has been in the past, and increases have been proposed in several energy areas. Similar increases have been proposed in our realty programs to provide access not only for energy uses but also other multiple uses. Both the energy and realty programs are structured to respond to other multiple use concerns as they are identified during our planning and environmental assessment processes.

Land and Water Conservation Fund

Question: Why does the Department continue to support amending the Land and Water Conservation Fund Act to permit the use of these funds for rehabilitation and maintenance?

Can't you perform the same type of work with regular appropriations? You really do not need such an amendment to implement your park rehabilitation program, do you?

Answer: During this time of reduced Federal expenditures it is imperative that funds be used where the need is greatest. The greatest need is to bring our parks up to standard. The amendment to the Land and Water Conservation Fund Act would permit use of that fund for park rehabilitation and maintenance programs, thus removing this program need from those normally funded from the general fund of the United States Treasury.

Zero Funding for Grant Programs

Question: Mr. Secretary, for the second year in a row, the President's budget includes no funding for the state-side of the Land and Water Conservation Fund, the Historic Preservation Program or the Urban Parks program. Does the Administration really believe that there is no role for the Federal Government to play (in partnership with the States) in meeting these needs? Are not these programs really reflective of the type of federalism the President spoke about last month?

Answer: An ultimate goal of these three programs has been to stimulate State and local action and to provide a catalytic effect toward self-sufficiency in identification, planning and management of recreation and cultural assets at the State and local level. These programs have accomplished this goal through (a) assisting the States financially to attain an appropriate balance of recreation and cultural assets; (b) introducing improved program planning and performance management techniques; and (c) sponsoring demonstration projects for solutions to common problems.

This Administration believes that self-sufficiency in the development of and management for a State's recreation and cultural assets is an important piece of the President's federalism concept. The Administration also feels that we can continue to play a role in meeting this goal while working toward reduced Federal spending. Although, at this time, the Federal role in this partnership will not include direct financial assistance to the States, we certainly intend to continue support for other aspects of these programs that have proven to be successful catalysts toward States' self-sufficiency in the planning and management of their recreation and cultural assets.

Although comprehensive outdoor recreation planning is an eligibility requirement for States in the Land and Water Conservation Fund Program, the majority of States have moved from viewing such planning as a requirement to incorporating the comprehensive planning process as an internal planning and management tool. We will continue to assist State and local governments, at their request, in developing a comprehensive planning approach for their recreation and cultural assets.

The National Park Service is continuing its "how-to" type of technical assistance in the recreation and preservation programs. The main thrust of this effort is to provide a clearing-house for technical information to State and local governments on self-sufficiency, efficiency and effectiveness in management, and alternatives for their continued operation without direct Federal funding.

An enhanced program of income tax credits for rehabilitation of historic buildings for commercial use will provide a very strong incentive for preservation of State and local cultural assets without direct Federal funding as well as provide a needed boost to our economy.

BLM Wilderness Review - Mineral Surveys

Question: Mr. Secretary, the budget proposes a reduction in the amount of funding available for mineral surveys on BLM wilderness study areas. The Budget Highlights booklet states that:

> "This cut is a result of a decision to conduct such surveys only on areas determined potentially suitable for recommendation as wilderness."

Sec. 603(a) of the Federal Land Policy and Management Act provides that no wilderness recommendation is to be made until a mineral survey by the U.S. Geological Survey and the Bureau of Mines has been conducted. Given these facts, are you not using the budget process to predetermine what wilderness areas the President will recommend to the Congress for inclusion in the Wilderness System?

Answer: FLPMA Sec. 603(a) states in part that "Provided, that prior to any recommendations for the designation of an area as wilderness the Secretary shall cause mineral surveys to be conducted by the Geological Survey and the Bureau of Mines ...." The budget process is not being used to predetermine what wilderness areas will be recommended to Congress for inclusion in the Wilderness System. The context of FLPMA is clearly that the mineral surveys should be conducted on those areas determined to be suitable for recommendations by the Secretary for designation as wilderness, not on all areas being studied. All areas that are found suitable for designation as wilderness will be surveyed for minerals prior to the wilderness recommendation to Congress. Almost all the mineral surveys that will be accomplished in FY 1983 will be on areas in the California Desert National Conservation Area that have already been found suitable for wilderness. It is our intent to continue to have mineral surveys conducted on suitable areas in synchronization with the Wilderness Study schedule and in line with available funding. If, in subsequent years, funding does not cover the mineral survey needs of potentially suitable areas, a supplemental or reprogramming request can be initiated. As a result, we have no intention of letting the budget process predetermine what potential wilderness areas will be recommended.

OCS Receipts

Question: Mr. Secretary, the Department's FY 1983 budget estimates that oil and gas receipts from the Outer Continental Shelf will total $18 billion next year. This amount is more than twice the level expected to be collected in FY 1982. Is this a realistic figure? What are the assumptions under-lying this estimate? What indications do you have from the industry that they have the resources and the inclination sufficient to undertake such an ambitious program?

Answer: The estimate of receipts for FY 1983 from the OCS leasing program of $18 billion is realistic. The receipts will be derived from three sources: rents and bonuses, royalties, and payouts from the 8(g) escrow account. The rents and bonuses component of the receipts estimate is about $13.2 billion. That estimate is based on a proposed new leasing schedule, which is in the latter stages of approval, and on an October 1981 estimate of the amount of resources that might be found in the sale areas. Under the new schedule, Interior will offer 28 billion barrels of resources in FY 1983, five times the amount that will be offered in FY 1982. The estimate of rents and bonuses for FY 1983 is therefore consistent with the size of the program being proposed for that year.

Furthermore, the estimate is based on conservative assumptions about the various risks and uncertainties that could affect the OCS leasing program, including:

- possible delays in holding individual sales of the leasing program,
- future oil and gas prices,
- additional costs oil companies may incur in obtaining funds to bid on the reserves being offered,
- difficulties in exploring for oil, possibilities that no oil will be found, and variations in the concentration of undiscovered reserves, and
- the possibility that Interior may reject some bids as too low.

The estimates of receipts from royalties in FY 1983 is about $3.3 billion. It is based on conservative assumptions about oil and gas prices and production.

The estimate of receipts for FY 1983 assumes $1.5 billion in payout from an existing Section 8(g) escrow account containing funds received from OCS lease sales on tracts in which the States may be entitled to a share of the receipts. The estimates assume that 25% of the total amount being held in escrow will be paid out each year in fiscal years 1983 through 1986.

To summarize, total receipts from the OCS program from these three sources are estimated to be $18 billion. Since industry paid almost $12 billion to the U.S. Treasury in FY 1981, it seems there is the capacity on the part of industry to undertake this task. Reports that we have seen indicate that industry is expanding its capabilities and can handle the increased pace of leasing. For example, 267 new offshore drilling rigs are now being constructed and scheduled for completion by the end of 1985 versus the 260 rigs currently operating in U.S. waters. U.S. shipyards are expanding their capacity -- the number of domestic firms building drilling rigs rose from 10 to 17 in the last five years. The production of tubular goods is way up and continues to expand. The number of drilling companies is increasing and the training of additional geologists, engineers, geophysicists as well as tool pushers and other roughnecks is expanding rapidly.

MAR 12 1982

Honorable James A. McClure
Chairman, Subcommittee on Interior
  and Related Agencies
Committee on Appropriations
United States Senate
Washington, D.C. 20510

Dear Senator McClure:

Pursuant to the directive of the Conference Report on the Department's FY 1982 appropriation (House Report No. 97-315, 97th Congress, 1st Session, November 5, 1981) forwarded for your information are copies of the January 22, 1982, recommendations on FY 1982 program operations from the relevant Advisory Committee. I have approved these recommendations in concept and the Bureau of Mines is now proceeding with the consolidation by establishing a limited number of Centers of Generic Mineral Technology.

Again, in FY 1983, the Department is recommending termination of further Federal grants for the Institutions. The Department believes that funding this program under current economic conditions should be assigned a low priority. More importantly, the Department believes that responsibility for funding the Institutes is not Federal in nature and that States and private industry should assume responsibility for this activity. In fact, several schools where Mineral Institutes are located have traditionally enjoyed such private and State support, and others have begun to receive such aid more recently. Consistent with the Advisory Committee's recommendations, the FY 1982 grants for the Centers selected are to remain available for use over a period of years for research in high priority areas. Finally, I have directed the Bureau of Mines, the U.S. Geological Survey, the Office of Surface Mining, the Minerals Management Service, the Bureau of Land Management, and the other Departmental agencies to make maximum effective use of existing Mineral Institutes before funding mineral engineering projects at other educational institutions.

Sincerely,

SECRETARY

RECOMMENDATIONS TO THE SECRETARY OF THE INTERIOR FOR THE FY 1982 MINERAL INSTITUTE PROGRAM BY THE ADVISORY COMMITTEE ON MINING AND MINERAL RESEARCH
January 22, 1982

Pursuant to Title III of PL 95-87 (The Surface Mining Control and Reclamation Act) the Advisory Committee met in Washington, D.C., on January 21 and 22, 1982. In its deliberations the Committee considered not only PL 95-87 but also the Secretary's responsibilities under Executive Order 12155 under PL 96-41 (The Strategic and Critical Materials Stock Piling Act) and Executive Orders 10480 and 11490 under PL 81-774 as amended (The Defense Production Act of 1950, as amended). Among other policy items considered were PL 96-480 (The Stevenson-Wydler Technology Innovation Act of 1980), PL 96-479 (The National Materials and Minerals Policy, Research and Development Act of 1980), PL 91-631 (The Mining and Minerals Policy Act of 1970), and the December 10, 1981, statement before the House Committee on Science and Technology by Dr. George A. Keyworth, Director of the Office of Science and Technology Policy, Executive Office of the President. The Committee also had before it the direction of the Congressional Conference Committee on the FY 1982 Budget that

> "The managers agree that the Department should undertake to reduce the number of mineral research institutes, and expect the Department to submit a comprehensive plan for institute consolidation no later than February 15, 1982. The managers expect that the program will be reduced in fiscal year 1983."

The Committee understood that, although the Congress appropriated $9.2 million for the Mineral Institute program for FY 1982, the President's budget request for that program was zero. Further, while there was no official notification possible of the President's budget for this activity for FY 1983, in view of the FY 1982 budget submission, increasing national debt, and burgeoning federal deficits, the Committee considered a reduced as well as a zero budget for FY 1983 as real possibilities. The Committee further considered the views of the Association of Mineral Institute Directors representing the 31 Mineral Institutes, individual Directors of Institutes, interested State Officials, and Members of the Congress.

Finding. The Committee finds that the Mineral Institute program has made a significant contribution to reversing the trend of the 1960's when mining schools were closing down and state legislatures were abolishing long-standing Departments of Mining Engineering and Extractive Metallurgy, thus reducing the nation's capacity for graduate education and research in these areas. Encouraged by the Mineral Institute program several mining departments have been reestablished, competent mineral engineering research faculty have been added to virtually all of the Institutes, many competent mineral engineers and scientists have been and are being trained and the caliber and quantity of research on mineral resource problems have increased notably. In the process, students with research experience and advanced degrees have been graduated in increasing numbers to help meet critical national needs. Meanwhile, additional support for the Mineral Institute program has come from the states, industry, and various federal agencies. We therefore regard the program as a highly successful example of federal, state, and industrial cooperation.

Recommendation 1. Although the Secretary was directed to "undertake to reduce the number of mineral research institutes," at present this would not be in the best interests of industry, government, or university mineral resources research and should not be attempted. The Mineral Institutes are now State Mineral Institutes, all receiving state funding also, and in some cases funded by line items in state appropriations. Many of them also receive funding from industrial and other private sources. Further, the Mineral Institutes in many instances have been incorporated in official publications such as college and university catalogs which are generally held to be in the nature of contracts. Additionally, faculty have been hired with Sec. 301 funds and the associated matching state funds, which latter might be jeopardized by cancellation of Institute status. The number of Institutes should not be reduced because they are in many ways analogous to the university Agricultural Experiment Stations and provide focal points for investigating serious local, state, and regional problems, as well as national resource problems. Any reduction in the number of Institutes would rupture the developing industry-Institute cooperation and deny the benefits of such investigations to the affected states.

Recommendation 2. With respect to the direction to the Secretary to "submit a comprehensive plan for institute consolidation no later than February 15, 1982," and that "the managers expect that the program will be reduced in FY 1983," the Committee recommends that each of the 31 Institutes receive $150,000 in FY 1982 under Sec. 301, consolidating funds hitherto made available for both base funding and for fellowships and scholarships, thus requiring maximum state matching funding. These Sec. 301 funds should be earmarked for the academic year July 1, 1982, to June 30, 1983, but be made available immediately in view of the fact that more than half of the 1981-1982 academic year has already passed and the universities must complete arrangements for academic year 1982-1983 no later than March 1982. The Committee further recommends that a step toward consolidation be effected at this time by offering to fund 4 or 5 "Centers of Generic Mineral Technology" which would concentrate attention on basic research needed to improve productivity in the mineral sector of the economy by investigating areas of innovative technology that promise to convert uneconomic resources to valuable reserves and/or to make more efficient use of domestic minerals. These Centers would receive "seed-money" grants of about $1 million each, such funding to be available for use over a period of years to permit orderly initiation of research that will attract more and continuing industrial participation. The initial group of Centers should be chosen on the basis of expertise and past performance in the highly important fields listed below, and other fields should be added in future years. The Centers should give particular attention to projects that will enhance America's posture in strategic and critical materials. Health and safety, environmental, sociological, etc., aspects peculiar to each field should be considered concurrently by each Center.

- Mine Systems Design and Ground Control
- Comminution (blasting, fragmentation, crushing, grinding, etc.)
- Fine Particle Technology (mineral separation, surface chemistry)
- Hydrometallurgy (leaching, in-situ mining)
- Pyrometallurgy (high temperature chemistry of metallurgical processes)
- Mineral Industry Waste Treatment and Recovery (recovery of valuable minerals from wastes, recycling, safe disposal)

The announcement soliciting proposals for such Centers should be issued promptly, so that final selections can be made by the Bureau of Mines not later than the end of March, 1982, to permit the Centers to make appropriate plans for the academic year 1982-83. Institutes should be limited to submitting no more than 2 proposals in their areas of expertise, and no more than one Center should be established at any one Institute. Applications from the existing Institutes should outline present specialized competence, and consideration should be given to Centers combining two or more Institutes as specified in Sec. 303 (b). Such combination would facilitate the interchange of professors and graduate students and maximize research opportunities and technology transfer to industry.

Recommendation 3. The Committee notes that in FY 1981 the Bureau of Mines funded $4.6 million of mineral technology research projects at educational institutions having Mineral Institutes and $1.5 million at other educational institutions not having Mineral Institutes. The Committee recommends that every effort be made by the Bureau of Mines and, where possible, by other Federal and State entities to make the fullest use of Mineral Institutes before funding mineral technology projects at other colleges and universities.

The composition of the Advisory Committee is specified in Sec. 309 of PL 95-87. The individual members serve as designees of the heads of the agencies named and brief summaries of their relevant backgrounds are appended.

Donald A. Dahlstrom
Donald A. Dahlstrom (Chairman)
National Academy of Sciences

Rob. Brett
Robin Brett
National Science Foundation

John D Morgan
John D. Morgan
Bureau of Mines

Bruce B Hanshaw
Bruce B. Hanshaw
U.S. Geological Survey

Elburt F. Osborn
Elburt F. Osborn
National Academy of Engineering

Donald A. Dahlstrom (Chairman) holds a B.S. in chemical engineering from the University of Minnesota and a Ph.D. in chemical engineering from Northwestern University. He served in the Navy in World War II, has been a professor of chemical engineering at Northwestern, an engineer in industry, and is presently Vice President for Research and Development of Envirotech Corp. of Salt Lake City, Utah. He is a member of the National Academy of Engineering. He was President of the American Institute of Chemical Engineers and is a Distinguished Member and Past President of the Society of Mining Engineers - American Institute of Mining, Metallurgical, and Petroleum Engineers, and a member of the Canadian Institute of Mining and Metallurgy, The Mining and Metallurgical Society of America, The Water Pollution Control Federation, The American Chemical Society, and The Filtration Society. Dr. Dahlstrom has served as a member of the Advisory Committee since November 1979 and has been Chairman since 1981.

Robin Brett holds a B.Sc. in geology from the University of Adelaide, Australia, and A.M. and Ph.D degrees in Geology from Harvard. He served with the Royal Australian Air Force, 1953-54. He was a Fellow at the Carnegie Institution of Washington and has served as a geologist with the U.S. Geological Survey and the National Aeronautics and Space Administration. He is currently Director of the Earth Sciences Division of the National Science Foundation. He was President of the Meteoritical Society, and is a Fellow of the Geological Society of America and the Mineralogical Society of America and is a member of the Geochemical Society, The American Geophysical Union, and the Society of Economic Geologists. Dr. Brett has served as a member of the Advisory Committee since its establishment in 1978.

Bruce B. Hanshaw holds a Sc. B. degree in geochemistry from M.I.T., an M.S. from the University of Colorado, and a Ph.D. in geochemistry from Harvard. He served in the U.S. Army as a Lieutenant 1954-1956. He has served as a geologist with industry, the Atomic Energy Commission, and the U.S. Geological Survey where he is currently the Acting Assistant Director for Research. He is a Fellow of the Geological Society of America, and the American Association for the Advancement of Science, and a member of the Geochemical Society, the American Geophysical Union, and the American Chemical Society. Dr. Hanshaw chaired the Ad Hoc Committee on the Mining and Mineral Resources Research Institute Program of the Department of the Interior which functioned from May 1980 to September 1980 and he was appointed to the Advisory Committee in 1982.

John D. Morgan holds B.S., M.S., Ph.D., and E.M. degrees in mining engineering from the Pennsylvania State University. He served as a Major in the Corps of Engineers, U.S. Army, in World War II and as a senior official of the National Security Resources Board, the Defense Production Administration, and the Office of Defense Mobilization in the Korean War period. He was a consultant to industry and government 1956-71, a member of the National Defense Executive Reserve for 25 years, and has been a senior official of the U.S. Bureau of Mines since 1971, having served as Acting Director for 3 years and he is currently Chief Staff Officer. He is a Distinguished Member of the Society of Mining Engineers-American Institute of Mining, Metallurgical, and Petroleum Engineers, a Fellow of the Society of American Military Engineers, and a member of the Scientific Research Society of America, and the American Defense Preparedness Association (formerly Army Ordnance Association). Dr. Morgan was a member of the National Academy of Sciences' Committee on Mineral Science and Technology, 1965-69, that made recommendations leading to the Mining and Minerals Policy Act of 1970 and the subsequent establishment of the State Mineral Institutes. Dr. Morgan has served as a member of the Advisory Committee since its establishment in 1978

Elburt F. Osborn holds a B.A. in geology from DePauw University, an M.S. in geology from Northwestern University, and a Ph.D. in geology from the California Institute of Technology. He also holds honorary D. Sc. degrees from Ohio State University, Northwestern University, DePauw University, and Alfred University. He served as a geologist with industry and the Carnegie Institution of Washington, and as a chemist with the National Defense Research Committee in World War II. At The Pennsylvania State University he was successively Head of the Department of Earth Sciences, Dean of the College of Earth and Mineral Sciences, and Vice President of the University for Research. He is presently Emeritus Vice President for Research, The Pennsylvania State University, and Distinguished Professor Emeritus, Carnegie Institution of Washington. He served as Director of the U.S. Bureau of Mines from 1970 to 1973 and is a member of the National Academy of Engineering. He has been President of the Mineralogical Society of America, the Society of Economic Geologists, the American Ceramic Society, and the Geochemical Society. He is a Fellow of the American Association for the Advancement of Science, the American Geophysical Union, and the Geological Society of America; a Distinguished Member of the Society of Mining Engineers - American Institute of Mining, Metallurgical and Petroleum Engineers; and a member of the American Chemical Society, the Canadian Ceramic Society, the International Association of Volcanology and Chemistry of the Earth's Interior, and the Mining and Metallurgical Society of America. Dr. Osborn chaired the National Academy of Sciences' Committee on Mineral Science and Technology 1965-69 that made recommendations leading to the Mining and Minerals Policy Act of 1970 and the subsequent establishment of the State Mineral Institutes. Dr. Osborn served as Chairman of the Advisory Committee from its establishment in 1978 through 1980 and continues as a member thereof.

OFFICE OF THE SECRETARY

STATEMENT OF J. ROBINSON WEST, ASSISTANT SECRETARY, POLICY, BUDGET, AND ADMINISTRATION

PREPARED STATEMENT

Senator McCLURE. We will now turn to the Department of the Interior's Office of the Secretary. The fiscal year 1983 request for the Office is $55,557,000, an increase of $641,000 above the fiscal year 1982 level of $54,916,000. Representing the Office of the Secretary this morning is J. Robinson West, Assistant Secretary for Policy, Budget and Administration.

Mr. West, the subcommittee welcomes you on what I believe is your first appearance before us since assuming your present position. Please introduce any colleagues with you this morning and proceed to highlight your statement. The full text will, of course, be printed in the record.

[The information follows:]

STATEMENT OF J. ROBINSON WEST

I am pleased to appear before you today, for the first time, in support of the fiscal year 1983 appropriations request for the Office of the Secretary.

The fiscal year 1983 request for the appropriations of the Office of the Secretary total $55,557,000, an increase of $641,000 above amounts appropriated by this committee in fiscal year 1982.

I would like to point out to the committee that most of the increases for 1983 reflect funds necessary to maintain continuing operations. This is necessary primarily because of absorption in 1982 of the 4 percent appropriations reduction, the October general pay increase, and raising the cap on maximum general schedule, senior executive service, and executive level salaries. The 1983 budget, however, continues the reductions in Office of Secretary management proposed by Secretary Watt last year. You will recall that last year we proposed to reduce each Assistant Secretary's office down to 15 full-time permanent employees and to make commensurate reductions in a number of other Office of the Secretary areas. We are continuing at those levels and it is our intent to maintan a lean operation in the Secretariat.

There is only one substantial increase—10 percent—programed for the Office of the Secretary and this is for our Inspector General operation which we believe is a high priority. These amounts are partially offset by a reduction in the construction management account where we are proposing to fund 1983 activities from carryover funds. Nearly $4.8 million in this activity was carried forward as an unobligated balance from 1981 to 1982 and we believe this, coupled with the 1982 appropriation of $3.8 million will be sufficient for effective operations in both 1982 and 1983.

DEPARTMENTAL MANAGEMENT

Adjustments to the fiscal year 1982 appropriation of $40,737,000 for departmental management include transfers in fiscal year 1982 of −$524,000: +$120,000 from Inspector General for the ethics function and −$644,000 to the Bureau of Mines for the Office of Minerals Policy and Research Analysis. Other base adjustments in fiscal year 1983 include +$1,531,000 for the allowance for increased pay cost resulting from the October 1981 general schedule and January 1982 executive pay raises, +$1,534,000 for increased employee compensation fund payments to the Department of Labor, +$479,000 for the additional cost of space due to rate increases by GSA and +$51,000 for the full year cost of new positions financed for part of fiscal year 1982. These increase adjustments are partially offset by fiscal year 1983 transfers of −$697,000 to the Bureau of Indian Affairs for the staff of the Assistant Secretary Indian Affairs and −$384,000 to Administration of Territories for the staff of the Assistant Secretary—Territorial and International Affairs.

The net result of these adjustments is a revised fiscal year base of $42,727,000. The fiscal year 1983 appropriation request for departmental management is $44,157,000, a net increase of $1,430,000 from the adjusted base amount.

The requested increases are as follows:

+$743,000 and four full-time equivalent workyears in the policy, budget, and administration activity to fund current level of operations, provide for an increased level of effort in the areas of environmental project review, property management, Departmental Budget Office, departmental personnel and in the Office of Administrative Services to continue efforts in improving and upgrading our financial management system;

+$394,000 to provide for the full-year cost of the pay raises not provided for in base amounts;

+$180,000 in central services to provide for increased communications and other general support cost charged to this appropriation;

+$73,000 and net decrease of four full-time equivalent workyears in the departmental direction activity to maintain current level of operations, provide for an additional staff position to support the Federal Regional Council partially offset by a reduction in the small and disadvantaged business utilization function; and

+$40,000 for the increased Federal support of the Alaska subsistence grant program.

These increases are very modest and represent less than one-half of 1 percent growth above fiscal year 1983 base amounts.

CONSTRUCTION MANAGEMENT

This 2-year appropriation provides for the expenses of the Facility Construction and Operation Improvement Office to assist the bureaus and offices of the Department in planning, designing, constructing, and operating facilities.

No additional funds are requested for fiscal year 1983 as an expected unobligated balance carried forward from fiscal year 1982 will be available to provide the required resources for the current staff to continue operations in fiscal year 1983. A deferral will be submitted for the planned amount to be carried forward in the near future. Unexpected delays in planning, design, and awarding of contracts is the primary reason for this slippage in obligations. Implementation of the master plan will also be delayed beyond fiscal year 1983.

INSPECTOR GENERAL

Adjustments to the fiscal year 1982 appropriation of $10,339,000 for the Inspector General include a transfer of −$120,000 and 3 workyears to departmental management for the ethics function.

The net result of this adjustment is a revised fiscal year 1983 base of $10,219,000. This fiscal year 1983 appropriation request for Inspector General is $11,400,000, a net increase of $1,181,000 from the adjusted base amount.

The requested increase will provide 21 additional workyears of effort to conduct audits and investigations in priority areas with high potential for savings.

This concludes my opening statement, Mr. Chairman. I appreciate the opportunity to discuss these matters with you. I and other appropriate members of the Department are available to answer any questions this committee may have with regard to our request.

INTRODUCTION OF ASSOCIATES

Mr. WEST. Thank you Mr. Chairman. It is a pleasure to be here today. I would like to start by introducing my colleagues. With me today, in support of the fiscal year 1983 appropriations request for the Office of the Secretary, are Richard R. Hite, Principal Deputy Assistant Secretary—Policy, Budget, and Administration, William D. Bettenberg—Deputy Assistant Secretary—Policy, Budget, and Administration, Richard Mulberry, the Inspector General, David A Gilbert—Budget Officer, Office of the Secretary and Joseph W. Gorrell—Director of Budget for the Department. Now that my statement has been submitted for the record, we are available to respond to any questions you may have regarding our request.

ADDITIONAL COMMITTEE QUESTIONS

Senator MCCLURE. We have some questions that I would like to submit for your response.

[The following questions were not asked at the hearing but were submitted to the Department for response subsequent to the hearing:]

ADDITIONAL COMMITTEE QUESTIONS

GAO Report on Office of Solicitor

Question: In a January 29, 1982 GAO report numbered FPCD-82-3, the GAO reported that in fiscal year 1981 the Office of the Secretary may have wrongly billed the Office of the Solicitor some $149,000 for certain administrative support services. The GAO has preliminarily concluded the billing - which resulted in full reimbursement - violated a basic principle of appropriation law because the funds for the administrative support services were available on a department-wide basis. The Solicitor's office should thus not have been charged for this service. While I emphasize that GAO's conclusion is only preliminary, do you have any comment which may shed some light on this matter? Is this a common practice of the Office of the Secretary or does this appear to be an isolated case?

Answer: The Office of the Secretary was not aware of the existence of this report until informed of its issuance at the hearing. The Office of the Solicitor as well as the Budget Officer will be reviewing the report and will provide the Committee with the Department's comments as soon as possible. The Department regards the charges for administrative support services as legal and proper charges. This has been a common practice in the past, providing certain administrative support services through the Working Capital Fund and recovering the cost of these services from the benefitting office. This is in accordance with 31 USC 686 and the provisions which established the Working Capital Fund, 43 USC 1467. The Office of the Secretary does not request direct appropriations to provide these services to the Solicitor's office, as these have been funded through the Working Capital Fund.

Program Review

Question: On page 42 of the justification you indicate your specific office will be reviewing the programs of the Department and streamlining them to achieve economies wherever possible. Can you give the Committee examples of what programs you are looking at to possibly streamline and how you plan to go about doing so? Is this function a specific activity that should be carried out by your office or should some other division within the Office of the Secretary take the lead?

Answer: The Office of the Assistant Secretary - Policy, Budget and Administration provides direction and coordination in this area. There are two offices within the Policy, Budget and Administration activity which, in conjunction with each other, take the lead in reviewing Departmental programs. These are the Office of Budget and the Office of Policy Analysis. These offices are responsible for the review of various Departmental programs to identify potential areas to achieve program efficiencies which can be implemented through the budget formulation or other decision processes. Program areas which have been reviewed and economies achieved through the budget process include: the Heritage Conservation and Recreation Service Activities, programs related to Office of Surface Mining, construction and operation of facilities in Bureau of Indian Affairs and Water Research activities to name just a few.

Areas which are being reviewed currently or planned include: An analysis of the process and procedures involved in the preparation of receipt estimates; improvements in use of the full-time equivalent workyear system; review of the administrative structure and overhead expenditure of each bureau; continued review of the Department's energy leasing program including OCS, coal, onshore oil and gas, geothermal, and oil shale resources; review of the filing fees and fair market value on oil and gas leases and the continued review of funding and cost sharing on water projects.

Departmental Ethics Function

Question: Can you detail for the Committee what your responsibilities are with respect to the Department's ethics function, and explain the background circumstances of why the function was moved from the jurisdiction of the Inspector General to your office.

Answer: The Ethics function responsibilities include administering, monitoring and enforcing the employee conduct regulations. These responsibilities have been delegated to the Principal Deputy Assistant Secretary for Policy, Budget and Administration who is the Designated Agency Ethics Official for the Department of the Interior. His major responsibilities include liaison with the Office of Government Ethics; initiation, revision and maintenance of ethics and conduct regulations and of ethics education and training programs; review of financial disclosure reports; and monitoring of administrative actions and sanctions.

Historically, the ethics function at the Department of the Interior has been the responsibility of the Assistant Secretary for Management (now expanded to Assistant Secretary - Policy, Budget and Administration). The Assistant Secretary for Management assigned administration of the function to his Office of Survey and Review which later became the Office of Audit and Investigation. When the Inspector General Act of 1978 created the independent Office of Inspector General (OIG) the audit and investigation functions were, by statute, transferred to the OIG. The issue of whether the ethics function should also be transferred to the OIG was addressed in a Secretarial issue paper. The function requires the development and implementation of ethics and conduct policies used throughout the Department. Also, placement in the Office of Inspector General required that the IG be responsible for (1) auditing a function for which he had administrative and oversight responsibilities and (2) investigating ethics cases in which he had given prior advice. For these major reasons and with the concurrence of the then Inspector General, the function was returned to the Assistant Secretary - Policy, Budget and Administration.

Office of Equal Opportunity

Question: Your request for Equal Opportunity is $1.302 million, an increase of $54,000 over the fiscal year 1982 level. Yet, at the same time, you are requesting three fewer positions be funded for the upcoming fiscal year. Why do you need a larger budget if personnel are being reduced? Is this personnel reduction merely a result of reduced anticipated workload? Please provide, for the record, the workload figures for 1980, 1981 and projected for fiscal years 1982 and 1983.

Answer: The number of authorized positions at the end of FY 1981 was 50. That number is scheduled to drop to 35 at the end of FY 1982, and remain the same at the end of FY 1983. Therefore, there is no change in the number of positions between FY 1982 and FY 1983. Because of the reduction in positions between FY 1981 and FY 1982, however, the estimated number of work years (FTE's) to be logged throughout FY 1982 will total 39 compared to 35 filled positions counted at the end of FY 1982. This will occur because the reduction in the FY 1981 position level will be achieved over the entire 1982 fiscal year through attrition. With no change in the position level between the end of FY 1982 and the end of FY 1983, the number of FTE's and authorized positions is expected to be the same with the exception of summer employment.

The major reason why the justifications show an increase of $54,000 in FY 1983 for fewer FTE's is that the effects of the recent pay raises have been built into the FY 1983 estimate but are not reflected in the FY 1982 figures. Thus, this office will not be able to utilize the 39 FTE's in FY 1982 unless the pay supplemental, to be proposed shortly, is appropriated. Upon enactment of a supplemental the $54,000 increase proposed in FY 1983 would virtually disappear.

Office workload is not anticipated to lessen between FY 1982 and FY 1983. The following table delineates the workload statistics for FY 1980 through FY 1983:

DIVISION OF FEDERAL EQUAL EMPLOYMENT OPPORTUNITY

Workload Figures	Actual 1980	Actual 1981	Projected 1982	Projected 1983
Training				
- Field Conducted	3	16	17	10
- D.C. Metropolitan Conducted	3	5	6	12
- Field Attended	0	1	3	2
- D.C. Metropolitan Attended	6	6	3	3
- Branch Update Evaluation Techniques Workshop	0	1	1	1
Reports				
- Special Studies	2	2	6	7
- Statistical	1	5	6	6
Briefings/Presentations				
- Briefings	85	135	150	200
- Presentations	50	66	80	95
Program Direction				
- Policy Statements/Issuances	2	8	8	10
- Directives	3	7	27	30
- Guidance	10	14	16	19
Evaluations/Reviews				
- Evaluations Conducted	4	3	7	9
- Evaluation Reports Prepared/Issued	4	2	8	10
- Desk Audits	0	0	12	10
- Audit Reports Prepared/Issued	0	0	10	10
- Participation in Outside-led Evaluations	3	2	5	5
- Other Staff Participation in OEO-led	3	5	6	7
Community Outreach				
- Meetings	40	53	47	52
- Cultural Awareness Programs	5	4	3	3
Inquiries				
- FOIA	4	5	7	11
- Congressional	8	6	4	5
- General/Referrals	20	30	20	20

Complaints Processing and Adjudication
Division of Federal Equal Employment Opportunity

Workload Figures	Actual 1980	Actual 1981	Projected 1982	Projected 1983
Cases Received	203	223	285	328
Closed Cases	170	180	234	277
Reprisals Received		17	25	30
Reprisals Closed		14	25	15

Complaints Processing and Adjudication
Division of Federal Equal Employment Opportunity

Workload Data	Actual 1980	Actual 1981	Projected 1982	Projected 1983
Write Title VI Program Guidelines	6 sets completed	3 sets completed	--	--
Conduct compliance Reviews	80 reviews	140 reviews	80 to be conducted	60
Prepare 504 Regulations	Draft written	Comments reviewed new draft prepared	Publish 504 final rule	--
Prepare Age Discrimination Regulations for 1975 Act	Proposed Regulations Published	Submitted to HHS for review	--	--
Investigate Title VI & 504 Complaints	20 Complaints Investigated	10 Complaints Investigated	20 (11 reviewed to date)	30
Provide technical assistance on Title VI, 504, and age discrimination Act	Provided as requested	25 formal presentations	Provide as requested	Provide as needed

Complaints Processing and Adjudication Training Sessions

Question: In 1981 you conducted eight two-day equal opportunity training sessions throughout the country. In 1982, you have proposed to conduct seven such sessions, while reducing that number to four in 1983. What are the actual and projected total costs associated with these sessions? How many Departmental employees do you expect to "train" by the end of fiscal 1983? What percentage of the Department's total supervisory or managerial staff does this represent? Are these sessions required by law or would internal departmental memorandums perform the same educational functions?

Answer: We have determined that the total costs of the training sessions for FY 1982 will be $10,000 and for FY 1983, we project that four training sessions will cost an estimated $4,500 based upon two-person teams.

By the end of FY 1983, we expect that out of the 9,000 managers and supervisors, approximately 900 of them will have participated in Equal Employment Opportunity training. This figure represents approximately 10% of the total supervisory or managerial staff within the Department. The training sessions are required by law in the sense that we are mandated under the provisions of 29 C.F.R. Section 1613.213, among other things, to:

(1) provide sufficient resources to administer our equal employment opportunity program;

(2) conduct a continuing campaign to eradicate every form of prejudice or discrimination based upon race, color, religion, sex or national origin;

(3) communicate the agency's equal employment opportunity policy and program;

(4) provide orientation, training and advice to managers and supervisors to assure their understanding and implementation of the equal employment opportunity policy and program;

(5) inform employees of the affirmative equal employment opportunity policy and program and enlist their cooperation.

One of the benefits which has been derived from the FY 1981 training sessions is the fact that we have realized a 41% increase in the average number of complaints informally resolved per quarter. In light of the fact that the average processing cost per complaint is between $35,000 and $40,000, the settlement or withdrawal of each complaint results in a substantial savings to the Department. For example, if 10 complaints are withdrawn, the estimated savings would be $350,000. Therefore, the cost of training is minimal in comparison to the savings to be derived.

These general objectives can only be accomplished by conducting the types of training sessions we have proposed. Internal Departmental memoranda do not perform the same educational functions for the following reasons:

(1) The onsite training session provides an opportunity to establish rapport between the Departmental and field EO Offices and Bureau staff persons.

(2) The onsite training session provides an opportunity to assist managers in taking ownership of their responsibilities. The benefit was evidenced as noted above by the 41% increase in the average number of complaints informally resolved per quarter.

(3) The onsite training session also provides an opportunity for spontaneous interaction regarding specific inquiries which benefits all participants.

(4) We have also discovered that common problems are surfaced and addressed during training sessions which would not otherwise be revealed to us.

Internal Departmental memoranda may supplement our training to a limited degree by providing documentation and guidance but these memoranda cannot supplant the training function.

Cultural Awareness Programs

Question: In the same light what has been the actual and what are the projected 1982 and 1983 costs associated with the three cultural awareness programs - Hispanic Heritage Week, Black History Month, and Women's Week? What is the focus of these activities and why are they necessary?

Answer: The cost estimates are as follows:

	1982 - Actual	1983 - Projected
Black History Month	$650.00	$700.00
Hispanic Heritage Week	$650.00 (Projected)	$700.00
Women's Week	$650.00 (Projected)	$700.00

The focus on the cultural heritage observances are held within the Department to highlight the contributions made by minorities and women to the history of the United States. These one-day commemorative activities, which are always preceded by a Presidential statement or proclamation, should enhance the understanding of the diverse backgrounds and promote understanding and mutual cooperation among all employees. The Department of the Interior is entrusted with the heritage of the nation and it has a particular responsibility to celebrate the contributions of various ethnic and minority groups to the history of the country.

In previous years, these observances attracted month and week-long activities. For example, during Women's Week, workshops were conducted which addressed the employment concerns of women. Because of staff and budget resource limitations, we are now conducting one-day programs.

In an effort to overcome remaining patterns of discrimination and guarantee that the Department is recruiting from all segments of the nation, the Department has established and maintained communication with minority and female groups. The Department has a legal obligation to guarantee that it is reaching all segments of the population in its informational efforts. This is done by participating in major meetings of minority and female organizations.

Volume and Complexity of Complaints

Question: You mention on page 25 that "the ever-increasing volume and complexity of complaints continually erodes the Department's ability to meet statutory processing timeframes." Please elaborate on this statement with some specific examples. How can you expect to prevent or curb this erosion when you are requesting a reduction in staff?

Answer: We are not reducing the staff in our operation in FY 1983. The reduction in workyears reflects the phase down of 1981 employment levels. We have experienced an erosion in our ability to meet statutory processing time frames largely because field employees are not receiving training on a broad scale basis concerning regulatory requirements. In addition, the level of Departmental awareness, of the causes and effects of discrimination which can be raised through training, has not been sufficient to prevent employee concerns from reaching the proportion of a complaint. Therefore, we are faced with voluminous filings of complaints which should have been informally resolved. Further processing complexities result, for example, from a complainant utilizing the grievance, negotiated agreement or EO process to address their concerns and inadequate knowledge is possessed regarding the relationships between these systems. The general lack of knowledge in the areas mentioned above results in non-compliance with regulatory time frames and greater periods of time being required to review information, request or locate information as well as obtain clarification. This concern could be substantially reduced given the circumstances of increased sensitivity awareness and knowledge of what steps can be taken to informally resolve a complaint, how the complaint file and allegations should be formulated to ensure prompt processing, etc.

Public Affairs Media Activities

Question: Like Congressional Affairs, Public Affairs' budget is based partly on the projected workload of media activity. For the record, can you please provide the number of press releases, radio and television tapes, films, and other media activities performed by the Public Affairs office in fiscal years 1980, 1981 and projected for 1982 and 1983?

Answer: The Office of Public Affairs cleared and published 1,166 press releases during fiscal year 1980, of which 229 were generated within OPA for the Office of the Secretary and the remainder originated from the various Bureaus. In fiscal 1981, 755 releases were issued, of which 155 were internally generated. We now project about 740 press releases will be issued during the current fiscal year, with about 140 originating within OPA. We would project about the same number for fiscal 1983. These totals do not include an estimated 200 releases originated and issued by the bureaus regionally, but not in the Washington, D.C. area. The declining numbers reflect two factors: first, more rigorous review procedures resulting in decisions to eliminate unnecessary items, and second, an effort to abide by both the letter and the spirit of reductions in OPA's budgeted resource levels.

OPA has produced no radio or television tapes or films for public distribution during the years covered by the question. Its audio-visual capability consists of one individual working with minimal facilities to record on audio tape news conferences, briefings, and testimony by the Secretary at Congressional hearings; "actualities" of such events are supplied by telephone to newsrooms specifically requesting them, and are often used internally and by the media to verify the accuracy of ad lib quotations attributed to top Departmental officials.

Coordination of Bureau Public Affairs Activities

Question: How does the Public Affairs office coordinate its activities with similar offices within the bureaus?

Answer: The Office of Public Affairs in the Office of the Secretary of the Interior is the coordinator for public affairs activities throughout the Department. Its small staff of professionals, researchers and clerical employees is the focal point of clearance for most news releases, inquiries, publications and audio-visual productions prepared by the Department's constituent bureaus and offices. All major items must be cleared by OPA under long-standing Departmental Manual rules. One of OPA's primary functions is to coordinate with bureau information and other personnel to ensure that announcements have received the advance scrutiny of all bureaus whose programs may be affected, and especially to ensure that policy-level officials have been notified in advance and given an opportunity to comment on both the substance and the language to be employed.

Many news releases and speech drafts are prepared within OPA on sensitive and policy-related subjects for the Secretary, Under Secretary and Assistant Secretaries. Whenever appropriate, Bureau information officers are encouraged to take part in that process by submitting advance drafts, advice, and detailed information from within their organizations. OPA also serves as the chief initial point of contact with the Department for inquiries by reporters and many members of the public; whenever possible OPA refers such queries to the appropriate Bureau's public information staff for reply, and OPA strives to monitor the promptness, accuracy and thoroughness of the responses given. In numerous instances, however, OPA staff must reply directly to an inquiry because of major Secretarial involvement in the subject matter, and often must gather factual data and advice from Bureau public affairs personnel. Still another role of OPA is to counsel and advise Bureau public affairs staffs as to Secretarial policy (both previously announced and in process of being formulated) which may affect their Bureaus' programs.

When a fast-breaking situation requires the on-scene presence of a Secretarial spokesman, an OPA information officer may be dispatched to support a Bureau's representatives.

Unauthorized Publications

Question: On page 30 of the justification you mention that one of the duties of the office is to eliminate the production of unauthorized publications. Can you give us examples of what these unauthorized publications are? How widespread is such unauthorized activity?

Answer: Very few unauthorized publications are published with Departmental funds, due at least in part to OPA's diligent efforts to enforce the Departmental Manual requirements that all proposed general interest publications be reviewed and approved by the Office of Public Affairs prior to publication.

This review responsibility and workload was expanded considerably in April 1981 when the Office of Management and Budget, at the President's direction, ordered a thorough review and rejustification of most agency publications to eliminate unnecessary spending for these materials. Since then, OPA has reviewed approximately 2,000 existing and planned publications submitted by the bureaus; only two were discovered to be unauthorized.

One of these was a 2,000-copy information packet containing two posters and a pamphlet entitled "Barrier Islands: Natural Systems." The pamphlet and especially the posters were of poor quality and espoused the sponsoring organization's viewpoint on barrier islands rather than the Department's. They were withdrawn from distribution at the insistence of the Office of Public Affairs. It is important to note that this publication was approved by a former Deputy Director of the Fish and Wildlife Service and was never cleared through either the Service's or Department's public affairs offices as required by the Department's Manual. And, had the normal clearance procedure been followed, the materials would never have been approved for publication.

Similarly, the review uncovered a $5,000 Bureau of Land Management publication, "Stewards of Your Public Lands," which amounted to little more than a photo directory of BLM district personnel. Distribution was also halted on this publication.

These two examples are typical of the well-intentioned but often poorly planned materials that on rare occasions have been produced outside required approval channels by elements of the operating bureaus.

More reflective perhaps of the Office of Public Affairs' publication oversight role has been its success in cutting the costs associated with publication activity. In fiscal 1981, for instance, approximately $300,000 was redirected to higher priority purposes by eliminating some outdated publications and consolidating or otherwise reducing the cost of others. Furthermore, overall Departmental publication costs were reduced through improved management from $7.9 million in fiscal 1980 to $7.3 million in fiscal 1982, making Interior one of only five Cabinet-level agencies to achieve an actual decline in publication expenditures during this timeframe.

Freedom of Information Act

Question: The Public Affairs office is also responsible for activities under the Freedom of Information Act. Please outline exactly what these responsibilities are and indicate how many FOI requests you received in FY 1981 and what you project in FY 1982 and 1983. What portion of the Public Affairs budget and how many FTE's are associated with this activity?

Answer: The Office of Public Affairs often is the primary contact point for news media and the public when a Freedom of Information Act request is filed. The office receives several FOIA requests every week, and as required by the Departmental Manual usually refers the request to the agency which has the files requested. In addition, the Office often assumes a coordination role when a request covers several agencies within the Department.

Because some FOIA requests come from the media, the Office of Public Affairs is consulted by the media to determine where and how to file a FOIA request. The office receives about a dozen calls a week from the Bureaus with questions on the details of the Act, procedures, deadlines, etc. When identical requests are directed by a person to bureau offices in the field and in Washington, the Public Affairs Office coordinates a response in conjunction with the Solicitor's Office and others involved.

As required by the Departmental Manual, the Office of Public Affairs reviews denials of FOIA requests by all Bureaus and Offices, to determine that the spirit as well as the letter of the law is being observed and to discover areas where FOIA requests are not being properly handled. OPA also receives copies of all FOIA appeals filed, and has an opportunity under the Department's FOIA regulations to advise on pending decisions on appeals.

During FY 1981 this office received approximately 100 formal FOIA requests for processing or direct reply by OPA. It takes an estimated 5 percent of an FTE to handle these FOIA requests, to review the denials from all agencies in the Department, and to analyze appeals as to whether their importance justifies a pre-decision comment by OPA.

Section 504 (Handicap) Regulations

Question: Am I correct that the Department has developed draft regulations for implementation of section 504 (handicap) regulations but has not yet published final regulations? When will the final regulations be ready to implement?

Answer: Yes, Section 504 regulations are ready to be published pending final approval. Final regulations will be published as soon as we have approval from the Department of Justice, Equal Employment Opportunity Commission and the Office of Management and Budget. Approval must be given by each of the above before final regulations may be published.

Departmental Equal Opportunity Activities

Question: For the record, please identify how much funds will be available at the bureau levels for equal opportunity activities in FY 1982 and FY 1983. Also, please identify, by bureau, the number of equal opportunity complaints lodged during fiscal years 1980 and 1981 and briefly indicate the disposition of each.

Answer: The information follows:

U.S. Department of the Interior
Funding and Workyears for EEO Activities

Bureau/Office	FY 1981		FY 1982		FY 1983	
	($000)	FTE	($000)	FTE	($000)	FTE
Bureau of Land Management	1,905	69	2,100	79	2,000	81
Bureau of Reclamation	1,583	32	1,860	32	1,709	31
Fish and Wildlife Service	880	24	859	21	879	21
National Park Service	1,476	39	1,656	43	1,656	42
Geological Survey	741	26	702	25	748	24
Office of Surface Mining	210	5	224	4	246	4
Bureau of Mines	506	21	571	21	450	15
Bureau of Indian Affairs	732	25	762	25	564	19
Territorial & International Affairs	3	--	3	--	3	--
Office of Solicitor	220	6	240	6	270	6
Office of the Secretary	2,054	61	1,683	51	1,795	48
Totals	10,310	308	10,660	307	10,320	291

Disposition of EEO Complaints

The breakdown of complaints filed during Fiscal Years 1980 and 1981 per Bureau is as follows:

Bureau	FY 1980	FY 1981
Bureau of Indian Affairs (BIA)	52	27
Bureau of Land Management (LLM)	27	29
Bureau of Reclamation (LBR)	18	14
Geological Survey (EGS)	40	32
Bureau of Mines (EBM)	13	8
Office of Surface Mining Reclamation and Enforcement (ESM)	1	3
Fish and Wildlife Service (FWS)	23	20
National Park Service (FNP)	66	66
Office of the Secretary (O/S)	7	8

The status or action taken regarding disposition of each complaint is detailed by bureau, for Fiscal Years 1980 and 1981 as follows:

BUREAU BUREAU OF INDIAN AFFAIRS

COMPLAINTS FILED DURING FY 1980

DOCKET CONTROL NUMBER	CURRENT STATUS
77-01-32R3	CLOSED
80-10-11	CLOSED
80-10-12	CLOSED
79-03-56R1	CLOSED
80-10-17	PENDING RESPONSE FROM COMPLAINANT FOLLOWING ISSUANCE OF PROPOSED DISPOSITION
77-01-32R4	CLOSED
80-11-21	CLOSED
80-12-29	PENDING PROPOSED DISPOSITION
80-12-30	CLOSED
80-12-31	CLOSED
80-12-32	PENDING HEARING
80-12-33	PENDING PROPOSED DISPOSITION
80-12-34	PENDING FINAL AGENCY DECISION
79-02-52R3	CLOSED
79-02-52R4	CLOSED
79-02-52R5	CLOSED
79-02-52R6	CLOSED
79-02-52R7	CLOSED
79-02-52R8	CLOSED
79-02-52R9	CLOSED
79-02-52R10	CLOSED
77-01-31R3	CLOSED
79-03-56R2	CLOSED
80-03-70	CLOSED
80-03-80	PENDING FINAL AGENCY DECISION
80-03-83	PENDING RESPONSE FROM COMPLAINANT FOLLOWING ISSUANCE OF PROPOSED DISPOSITION
80-03-84	PENDING FINAL AGENCY DECISION
80-03-85	CLOSED
80-03-86	PENDING FINAL AGENCY DECISION
80-03-87	PENDING PROPOSED DISPOSITION

DOCKET CONTROL NUMBER	CURRENT STATUS
80-03-88	CLOSED
80-04-89	PENDING PROPOSED DISPOSITION
80-04-98	CLOSED
80-05-110	PENDING FINAL AGENCY DECISION
80-05-111	PENDING INVESTIGATION
80-05-112	PENDING PROPOSED DISPOSITION
80-05-113	PENDING CLOSE-OUT
80-05-114	PENDING PROPOSED DISPOSITION
80-05-116	PENDING PROPOSED DISPOSITION
80-06-130	CLOSED
80-07-153	PENDING PROPOSED DISPOSITION
80-07-154	PENDING PROPOSED DISPOSITION
80-07-162	PENDING PROPOSED DISPOSITION
80-08-167	PENDING PROPOSED DISPOSITION
80-08-174	PENDING PROPOSED DISPOSITION
80-08-175	CLOSED
80-08-177	PENDING PROPOSED DISPOSITION
80-08-181	CLOSED
80-08-184	PENDING PROPOSED DISPOSITION
80-08-185	PENDING PROPOSED DISPOSITION
80-08-187	CLOSED
80-09-208	PENDING PROPOSED DISPOSITION

TOTAL 52

BUREAU BUREAU OF LAND MANAGEMENT

COMPLAINTS FILED DURING FY 1980

DOCKET CONTROL NUMBER	CURRENT STATUS
80-11-22	CLOSED
80-11-26	CLOSED
80-11-26R1	CLOSED
80-01-55	PENDING HEARING
80-01-56	PENDING HEARING
80-01-57	CLOSED
80-02-54	PENDING PROPOSED DISPOSITION
80-04-95	CLOSED
80-05-105	PENDING FINAL AGENCY DECISION
80-05-107	CLOSED
80-05-108	PENDING PROPOSED DISPOSITION
80-05-109	PENDING HEARING
80-05-115	CLOSED
80-05-117	CLOSED
80-06-121	CLOSED
80-06-139	CLOSED
80-07-145	PENDING FINAL AGENCY DECISION
80-07-146	CLOSED
80-07-147	CLOSED
80-07-148	CLOSED
80-07-149	CLOSED
80-08-158	CLOSED
80-08-189	PENDING PROPOSED DISPOSITION
80-09-203	PENDING PROPOSED DISPOSITION
80-09-205	CLOSED
80-09-206	PENDING PROPOSED DISPOSITION
80-09-211	CLOSED
	TOTAL 27

BUREAU BUREAU OF RECLAMATION

COMPLAINTS FILED DURING FY 1980

DOCKET CONTROL NUMBER	CURRENT STATUS
80-10-02R1	PENDING PROPOSED DISPOSITION
80-11-23	PENDING CLOSE-OUT
80-11-25	PENDING PROPOSED DISPOSITION
80-01-46	PENDING CLOSE-OUT
80-01-51	PENDING CLOSE-OUT
80-01-53	PENDING CLOSE-OUT
80-04-93	PENDING HEARING
80-04-96	CLOSED
80-06-122	PENDING PROPOSED DISPOSITION
80-06-123	PENDING FINAL AGENCY DECISION
80-06-136	CLOSED
80-06-137	PENDING HEARING
80-08-159	CLOSED
80-08-165	PENDING CLOSE-OUT
80-08-168	CLOSED
80-08-169	CLOSED
80-07-194	PENDING PROPOSED DISPOSITION
80-09-198	CLOSED

TOTAL 18

BUREAU U.S. GEOLOGICAL SURVEY

COMPLAINTS FILED DURING FY 1980

DOCKET CONTROL NUMBER	CURRENT STATUS
80-10-10	CLOSED
80-10-18	CLOSED
80-11-24	CLOSED
80-12-35	PENDING FINAL AGENCY DECISION
80-12-41	PENDING CLOSE-OUT
80-12-44	PENDING CLOSE-OUT
80-01-47	PENDING PROPOSED DISPOSITION
80-01-48	CLOSED
80-01-49	PENDING FINAL AGENCY DECISION
80-01-50	PENDING FINAL AGENCY DECISION
80-02-59	CLOSED
80-03-69	CLOSED
80-03-74	PENDING FINAL AGENCY DECISION
80-03-76	PENDING CLOSE-OUT
80-03-76R1	PENDING CLOSE-OUT
80-03-76R2	PENDING CLOSE-OUT
80-03-76R3	PENDING CLOSE-OUT
80-03-76R4	PENDING CLOSE-OUT
80-03-76R5	PENDING CLOSE-OUT
80-03-76R6	PENDING CLOSE-OUT
80-03-76R7	PENDING CLOSE-OUT

DOCKET CONTROL NUMBER	CURRENT STATUS
80-03-76R8	PENDING CLOSE-OUT
80-03-76R9	PENDING CLOSE-OUT
80-03-76R10	PENDING CLOSE-OUT
80-03-76R11	PENDING CLOSE-OUT
80-03-78	PENDING HEARING
80-03-79	CLOSED
80-03-82	PENDING PROPOSED DISPOSITION
80-03-82R1	CLOSED
80-06-124	PENDING PROPOSED DISPOSITION
80-06-125	CLOSED
80-06-126	PENDING HEARING
80-06-127	PENDING FINAL AGENCY DECISION
80-06-135	PENDING HEARING
80-06-138	PENDING PROPOSED DISPOSITION
80-07-155R1	CLOSED
80-07-155R2	CLOSED
80-08-161	CLOSED
80-09-196	PENDING FINAL AGENCY DECISION
80-09-201	CLOSED

TOTAL 40

BUREAU BUREAU OF MINES

COMPLAINTS FILED DURING FY 1980

DOCKET CONTROL NUMBER	CURRENT STATUS
80-10-06	PENDING HEARING
80-10-07	CLOSED
80-10-09	PENDING PROPOSED DISPOSITION
80-12-28	CLOSED
80-12-38	PENDING PAYMENT OF ATTORNEYS FEES
80-03-81	PENDING HEARING
80-05-104	TRANSFERRED TO DEPARTMENT OF LABOR
CA-08	PENDING ACCEPT-REJECT RECOMMENDATION BY EEOC
80-06-132A	CLOSED
80-06-132B	CLOSED
80-07-141	CLOSED
80-07-142	CLOSED
80-07-152	CLOSED

TOTAL 13

BUREAU OFFICE OF SURFACE MINING

COMPLAINTS FILED DURING FY 1980

DOCKET CONTROL NUMBER	CURRENT STATUS
80-03-73	PENDING FINAL AGENCY DECISION

BUREAU U.S FISH AND WILDLIFE SERVICE

COMPLAINTS FILED DURING FY 1980

DOCKET CONTROL NUMBER	CURRENT STATUS
CA-12	CLOSED
80-10-16	PENDING COMPLETION OF INVESTIGATION
80-11-20	CLOSED
80-01-52	CLOSED
80-02-61	PENDING FINAL AGENCY DECISION
80-02-62	PENDING HEARING
80-02-63	PENDING HEARING
80-02-65	CLOSED
80-02-66A	CLOSED
80-02-66B	CLOSED
80-03-71	CLOSED
80-03-77	PENDING CLOSE-OUT
80-04-91	CLOSED
80-04-102	PENDING PROPOSED DISPOSITION
80-06-133	CLOSED
80-06-134	PENDING PROPOSED DISPOSITION
80-07-140	PENDING HEARING
80-08-156	CLOSED
80-08-157	CLOSED
80-08-188	PENDING CLOSE-OUT
80-09-199	PENDING PROPOSED DISPOSITION
80-09-200	CLOSED
80-09-204	CLOSED

TOTAL 23

BUREAU NATIONAL PARK SERVICE

COMPLAINTS FILED DURING FY 1980

DOCKET CONTROL NUMBER	CURRENT STATUS
80-10-03	PENDING COMPLETION OF INVESTIGATION
80-10-04	PENDING HEARING
80-10-05	PENDING PROPOSED DISPOSITION
80-10-08	PENDING CLOSE-OUT
80-10-15	PENDING CLOSE-OUT
80-11-19	CLOSED
80-11-19R1	CLOSED
80-11-27	CLOSED
80-12-36	PENDING HEARING
80-12-37	CLOSED
80-12-39	PENDING HEARING
80-12-40	PENDING PROPOSED DISPOSITION
80-12-42	PENDING CLOSE-OUT
80-01-43	PENDING FINAL AGENCY DECISION
80-01-44	CLOSED
80-01-45	PENDING FINAL AGENCY DECISION
80-01-51	CLOSED
80-01-54	PENDING PROPOSED DISPOSITION
80-01-58	CLOSED
80-02-66	CLOSED
80-03-67	CLOSED
80-03-68	CLOSED

DOCKET CONTROL NUMBER	CURRENT STATUS
80-03-72	CLOSED
80-03-75	PENDING COMPLETION OF INVESTIGATION
80-04-90	PENDING HEARING
80-04-92	PENDING HEARING
80-04-97	PENDING PROPOSED DISPOSITION
80-04-99	CLOSED
80-04-100	PENDING HEARING
80-04-101	CLOSED
80-05-103	PENDING HEARING
80-05-118	CLOSED
80-06-119	PENDING PROPOSED DISPOSITION
80-06-120	PENDING PROPOSED DISPOSITION
80-06-121	PENDING CLOSE-OUT
80-06-124	PENDING PROPOSED DISPOSITION
80-06-126	PENDING HEARING
80-06-128	PENDING PROPOSED DISPOSITION
80-06-129	PENDING PROPOSED DISPOSITION
80-06-131	PENDING HEARING
80-07-143	PENDING PROPOSED DISPOSITION
80-07-144	PENDING PROPOSED DISPOSITION
80-07-150	PENDING COMPLETION OF INVESTIGATION

DOCKET CONTROL NUMBER	CURRENT STATUS
80-07-151	CLOSED
80-08-160	PENDING FINAL AGENCY DECISION
80-08-163	PENDING HEARING
80-08-164	PENDING COMPLETION OF INVESTIGATION
80-08-166	PENDING PROPOSED DISPOSITION
80-08-170	PENDING HEARING
80-08-171	PENDING ACCEPT/REJECT
80-08-172	PENDING PROPOSED DISPOSITION
80-08-173	PENDING PROPOSED DISPOSITION
80-08-176	PENDING HEARING
80-08-178	CLOSED
80-08-179	PENDING CLOSE-OUT
80-08-181	PENDING PROPOSED DISPOSITION
80-08-182	CLOSED
80-08-190	PENDING PROPOSED DISPOSITION
80-08-191	PENDING PROPOSED DISPOSITION
80-08-192	PENDING HEARING
80-09-195	PENDING ACCEPT/REJECT
80-09-202	PENDING COMPLETION OF INVESTIGATION
80-09-209	PENDING PROPOSED DISPOSITION
80-09-212	PENDING ACCEPT/REJECT
CA-7	CLOSED
CA-10	CLOSED
	TOTAL 66

BUREAU OFFICE OF THE SECRETARY

COMPLAINTS FILED DURING FY 1980

DOCKET CONTROL NUMBER	CURRENT STATUS
80-10-01	PENDING FINAL AGENCY DECISION
80-12-27	CLOSED
80-12-35	PENDING FINAL AGENCY DECISION
80-08-193	PENDING HEARING
80-09-197	CLOSED
80-09-210	PENDING COMPLETION OF INVESTIGATION
CA-11	PENDING ACCEPT-REJECT RECOMMENDATION BY EEOC

TOTAL 7

Field Coordination

Question: For FY 1983 you have requested $200,000 for field coordination, an increase of 40% over the FY 1982 level of $120,000. According to the justification, the lion's share of this $80,000 increase will go to an additional staff assistant. Is it anticipated this additional person will come from within the Office of the Secretary or elsewhere? Is this additional position and percentage increase truly needed? Please elaborate why. Is it proposed that the additional position would be based in Denver, or elsewhere?

Answer: This position would be involved in matters critical to many Departmental programs, it would be beneficial to select someone already familiar with Departmental operations, and therefore it is feasible that selection could come from an employee within the Department. However, this would not pre-empt selection of a qualified person from outside the Department.

As stated in the justification, the position requested would provide critical staff support to the Federal Representative in his capacity as Chairman of the Mountain Plains Federal Regional Council and Interior's member on the other Federal Regional Councils. With the number of Field Representatives reduced from five in 1981 to one in 1982 and 1983 the responsibilities placed on the office to prepare for and attend meetings in FRC cities and other duties related to membership in these councils requires an additional staff support position.

The requested 1983 increase is necessary to provide for the additional staff position, lapsed at 25%, and for other costs to maintain office operations. Additional resources requested also include funds to provide for the 1981 general schedule and January 1982 executive pay raises, increased travel costs due to centralization of the function and other incidental support costs to maintain current operations. Although this request represents an increase from amounts appropriated in 1982 it is still significantly less than amounts made available in prior years for both staff and funding. The original January 1982 budget for this function was $593,000 to provide for a staff of 12. The March budget reductions reduced this amount to $293,000 and eliminated four Field Representatives. The September revisions further reduced the estimate to $200,000 and the actual appropriation currently available is $120,000.

The additional position requested would be located in Denver.

Congressional and Legislative Affairs

Question: The 1983 workload projections for the Office of Congressional and Legislative Affairs are increased over the 1982 projections in nearly every category, yet you are requesting a modest increase above the base and no additional FTE's. This would seem to indicate that either the people in this office have not been busy enough or that your projections are slightly inflated. Which is it? How are these projections made?

Answer: The 1983 request includes funds to provide for projected resource requirements for the current authorized staff. All the office personnel are currently working at full capacity, and most regularly contribute extra hours to accomplish heavy work requirements. However, the need to maintain current levels in a time of austerity has been a continued policy of the Department. Any requested increase has been made to accommodate present staff salaries, benefits, and basic office operations.

The workload in the Office of Congressional and Legislative Affairs has increased substantially due to the nature of President Reagan's environmental program, and the additional requirement of handling Congressional correspondence to the Secretary, formerly controlled by the Executive Secretariat. As a result, it has been our posture to make changes in office operating procedures to accommodate office funding and ceiling limitations. In order to maintain required services, the following has occurred.

Information fact sheets, many of which have been completed in a question and answer format, were developed to provide a data base for answering a larger number of Congressional inquiries. Fact sheets provide a means of making information readily available to Members of Congress and the public, thus eliminating unnecessary paperwork, speeding delivery time for responses, and allowing time for staff to perform duties in other crucial areas. Word processing equipment has also been installed to make it easier and less time consuming to produce written materials.

By using dedicated personnel in an efficient and productive manner so as to allow for maximum output, we have been able to consistently maintain a high volume of work, while at the same time accommodating the President's economic policies.

Workload studies are officially made once a year to measure staff output. The studies usually consist of a two-week analysis of each individual's work activities. The two-week figures are projected to account for the entire year. Because of the added Secretarial correspondence, FY 1982 and FY 1938 projection figures were increased. Projects vary from year to year with emphasis placed on different priorities.

Small and Disadvantaged Business Utilization

Question: Besides the Equal Opportunity office, the Department has requested funds for its Office of Small and Disadvantaged Business Utilization. While I understand there are differences between these two activities, there are also very many similarities. Why aren't these two offices merged into one? Wouldn't it save a little by combining these activities and perhaps have personnel do some of both activities where appropriate?

Answer: Due to similarities between the functions, the consolidation of these two offices is currently under review as a management consideration. A final decision has not yet been made in this area. Future budget requests for these functions may reflect a proposed consolidation if the results of the review indicate that economies can be achieved by merging the two offices into one and the appropriate legal limitations can be adequately addressed.

OSDBU and EO Budget Changes

Question: I asked earlier concerning the Office of Equal Opportunity how you can cut three positions and still have a 9% increase over FY 1982. Under the Small and Disadvantaged Business Utilization you have proposed to trim two positions and your request is reduced by 13%. Why is there such a discrepancy between these two?

Answer: The reduction of $66,000 proposed for OSDBU is for salary and benefits, travel and other services support cost relating to the reduction in staff. Remaining funds are expected to be sufficient to provide for the necessary expenses of the staff level requested. Approximately $73,000 of the additional funds requested for the Office for Equal Opportunity is attributed to increased pay rates for the authorized staff of 35 positions which is not offset by the reduction in salary cost from the decrease of 3 workyears. The balance of the funds will be used to provide for the usual increased salary cost for within grade increases and promotions and other increased cost of operating the office.

Environmental Project Review and Acquisition and Property Management

Question: In the Office of Environmental Review you have projected a workload virtually identical to previous years, yet you are requesting an additional position and a 12% increase over FY 1982. On what basis can this be justified?

Similarly, you indicate that you will maintain the current level of activity in the Acquisition and Property Management office, but nevertheless request an additional position and a 15% budget increase over 1982. How can you justify this?

Answer: No additional positions are being requested in either of the offices mentioned. The workyear increase requested reflects planned increased use of authorized positions during FY 1983 to continue office operations. The lower workyear estimates reflect our inability to fully utilize authorized positions due to budgetary constraints. In FY 1982, vacant positions will remain unfilled for longer than desirable but will be on board for a full year in 1983. Thus the additional funds requested in 1983 will enable these offices to reduce the lapse in employment to maintain the current operations of the office.

Information Resources Management

Question: Can you describe for the Committee the relationship of the Information Resources Management office and the various bureaus? How closely do they work with each other in collecting and disseminating information?

Answer: The relationship is multi-faceted in that the Office (1) provides leadership and guidance to the bureaus in implementing effective management methodologies and new technology relating to information handling; (2) serves as the Department's focal point for the communication of new ideas, initiation of joint projects, sharing of information resources, and resolving information management and technical problems; (3) provides direct support in areas such as library and information services, and resolving information management and technical problems; (4) provides Departmental program oversight within the information-related areas of ADP, telecommunications, data administration, paperwork management, and library and information services for the purpose of achieving cost effective and efficient information management operations as set forth by P.L. 96-511, the Paperwork Reduction Act of 1980.

This relationship is characterized by a continuous high level of activity between personnel of the Office of Information Resources Management (PIR) and the bureaus of the Department on matters pertaining to the collecting and dissemination of information. In addition to the day-to-day routine working relationships, PIR and the bureaus are often involved in joint project-type activities in such areas as long range planning, program assessment, information collection budgeting, telecommunications, regulatory reform, and library and information services improvements.

Data Base Services and Contractual Cataloging Assistance

Question: Under this activity, you have requested an additional $75,000 for 1983 to cover increased costs for data base services and contractual cataloging assistance. How much and what kind of such work are performed by contracting businesses? Why can't this work be performed in-house?

Answer: Virtually all of the Department's cataloging of new library material is provided through contractual arrangement. The Library receives approximately 10-14 thousand items of new material annually. This material must be cataloged for it to be available for research and reference purposes within the Department and to the public. Until 1978, cataloging was performed by in-house personnel. However, since that time, the staff of the Library has been reduced by approximately ten positions due to (1) transfers to the newly formed Department of Energy, (2) the transfer of the Mine Enforcement and Safety Administration to the Department of Labor, and (3) internal Departmental budgetary reductions. This reduction of personnel made it necessary to examine alternative methods of providing the required library services. Through the application of OMB Circular A-76, cataloging was determined to be a function which could be performed more advantageously by contract personnel. Action was therefore taken to contract out the cataloging activity.

Approximately $5,000 of the requested additional funds are to cover the increased costs which will be incurred by the contract cataloging personnel in accessing available data bases which is an integral step in the cataloging process.

Outer Continental Shelf Program

Question: Please describe for the Committee the duties of the Outer Continental Shelf Program and how they relate and interact with OCS activities of the various bureaus. Why shouldn't all OCS activities be performed by a single bureau or office? How much duplication of effort exists between the various offices working on OCS? With the proposed increases in OCS activities over the next few years, why didn't you request increased positions for 1983? Do you expect to in the future?

Answer: The duties of the Office of OCS Program Coordination encompass a large number of the individual pre-sale leasing activities within the Department of the Interior. It is responsible for policy-level OCS activities outside the Department with State and local governments, other Federal agencies, the petroleum industry, public interest groups and private individuals. It also provides administrative support for the National OCS Policy Committee and its components.

With regard to individual lease sales, the Office coordinates and monitors the OCS activities of the Bureau of Land Management, the

Geological Survey, the Minerals Management Service, the Fish and Wildlife Service, the Office of the Solicitor and the Office of Policy Analysis to make sure that work products are completed in a timely way. These operations extend from participation in determining when specific pre-leasing activities will be completed, through quality control of work products and Secretarial documents prepared by others, and preparation of Secretarial decision materials, to participation in the bid acceptance process after a lease sale has been held.

In addition to quality control, policy oversight and coordination activities, the Office of OCS Program Coordination conducts the annual review of the 5-year oil and gas leasing program required by the OCS Lands Act, as amended. When the annual review results in a decision by the Secretary to revise the program, the Office of OCS Program Coordination is responsible for making the revision. The Office undertakes all appropriate revenue-related contacts, offers and negotiations pursuant to Section 8(g) of the Act and is also responsible for assuring that States have the opportunity to comment on the size, timing, or location of every proposed lease sale. It maintains frequent contact with policy officials of the coastal States to assure State participation in the Department's deliberative processes.

Reorganization and consolidation of the Department's outer continental shelf activities have been considered by various Secretaries of the Interior from time to time and it has been determined that the current system functions well and that operations would not be enhanced by a costly reorganization.

There is virtually no duplication of effort on OCS activities within the Department. This is averted by the oversight activities of the Office of OCS Program Coordination and the excellent staff-level working relationships among the various organization units in Interior with OCS responsibilities.

It is expected that the current office personnel ceiling will be sufficient to allow the performance of all office duties in the foreseeable future including those generated by the proposed enhanced leasing schedule. There are no current plans for increased positions in the future but if the current assessment is in error, increases will be sought as part of the budget process.

Central Services

Question: For fiscal year 1983 you have requested $11,162,000 for Central Services. This is an increase from FY 1982 of over 25%. With reduced personnel and reduced activities in many other areas, how can you justify such a large increase? Has office space, printing costs and gasoline costs - to name just a few - really gone up this much? Please provide for the record a breakdown of exactly where the increase would be applied and indicate why it is necessary. Also for the record, please provide the number, types, and total amount of funds used in this or other accounts to provide for departmental bonus payments.

Answer: The additional funds requested for 1983 will provide for relatively uncontrollable cost increases for providing general administrative overhead support costs to the offices financed by this appropriation. These costs are not directly related to activities in other areas since its primary role is to support Departmental Management offices. The FY 1983 increases requested are required to provide for scheduled additional costs over which the Department has little control.

The largest item included in the 1983 increase requested for Central Services is Employee Compensation payments to the Department of Labor. This represents $1,534,000 or approximately 70% of the $2,193,000 increase requested over 1982 amounts available. This is based on repayments to the Employee Compensation Fund, pursuant to P.L. 86-787, for higher costs in 1981 than in 1980.

Other increases include $479,000 in SLUC costs to provide for unontrollable rate increases in field space by the GSA, $59,000 in other rent, communications and utilities and $121,000 in other services support costs which are relatively uncontrollable in nature.

A total of $400,000 is included in this budget request to provide for SES bonuses for the Department. This represents a decrease of $176,000 or approximately 30% from amounts appropriated for this purpose in 1981 and the same level as 1982. No other funds are included in bureau requests, specifically for this purpose.

Inspector General Staff Increases

Question: Again this year you have requested funds for additional positions for the Office of Inspector General. This year you plan to move from 220 to 238 FTE's. Why are these additional positions necessary and on what types of activities will they predominantly be working on? Do you expect such continued growth of the IG's staff in the coming years or will it level off?

Answer: The increases requested for FY 1983 will allow OIG audit and investigative coverage to approach a level more consistent with the vulnerabilities identified in the Department's programs. The Department encompasses more than 5,000 auditable entities for which the OIG has audit cognizance. Present resources do not permit adequately frequent audits and timely investigative response. Increased coverage would be given in such areas as: Royalty, fee and resource sales proceeds; thefts of federally owned natural resources; Departmental ADP Systems; energy leasing and contracting.

The increase requested in FY 1983 provides a level of growth that OIG can reasonably absorb in one year. Based on our vulnerability assessments, however, continued growth is advisable.

Vulnerability Analyses

Question: On page 102 of the justification you mention that vulnerability analyses made by the IG indicate that of the 112 Departmental activities reviewed, about 55% had high potential vulnerability to fraud, waste and abuse. When were these analyses conducted? As a result of them were any of the Departmental activities changed to prevent waste, fraud and abuse, or was the IG's staff merely increased to provide greater oversight and audit functions? Can you provide for the record a list of those activities which are so vulnerable to fraud, waste and abuse and indicate what has been done on each to correct the situation.

Answer: These analyses were conducted from March to July 1980. An additional 111 have been completed since then.

Yes, some activities were changed to prevent waste, fraud and abuse. In December 1980 we issued 14 reports summarizing the results of the 112 analyses to affected bureaus and offices. Responses to those reports and subsequent audits have indicated that managers have improved internal controls thereby reducing the potential for fraud, abuse and waste by: Establishing new policies and procedures, instituting training programs, improving management reporting systems, revising accounting systems, and increasing internal management evaluations.

The IG staff was not merely increased to provide greater oversight and audit functions. The analyses are a tool used to set priorities and identify where we should direct our available resources. The increases we requested would allow OIG to provide coverage of the most vulnerable areas on a more reasonable frequency.

Because of the susceptibility of the items listed to fraud and abuse it would not serve in the best interest of the Department to make a current list of items available as public information at this time. The information will be made available for Committee staff review.

In addition to developing a list of vulnerable activities, the IG in conjunction with Policy, Budget and Administration has issued to bureau and office managers separate management control questionnaires on property and procurement management. As part of this self-evaluation process, managers were required to develop and submit to the IG plans to improve internal controls where weaknesses were disclosed. Also, the results of our vulnerability analyses are being used by the Department to determine which programs and functions managers will subject to the internal control reviews that are required by Office of Management and Budget Circular A-123.

Benefit vs. Cost of Operations

Question: The Office of Inspector General has historically provided more in benefits to the taxpayer than it has cost the taxpayer. Can you, for the record, estimate what the net benefit will be for fiscal years 1982 and 1983?

Answer: It is true that OIG has historically provided more in benefits than it has cost. For example, in FY 1981 the audit staff had a benefit/cost ratio of 9:1. Detailed information on our accomplishments is shown in our semiannual reports to the Congress. It is not possible for us to estimate what the net benefit will be in fiscal years 1982 and 1983. The benefits OIG generates are dependent on the level of fraud, waste and mismanagement that exists and the amount of these we discover. Although we cannot estimate specific amounts, we feel OIG will continue to provide more in benefits than it costs.

Transfer of Minerals Policy and Research Analysis

Question: Why is the Office of Minerals Policy being transferred to the Bureau of Mines? What rationale can be used for this transfer that can't also be made for moving the OCS program to the Bureau of Land Management or the Office of Water Policy to the Bureau of Reclamation?

Answer: This function was transferred in an effort to improve the analytical capability within the Bureau of Mines and enhance the accomplishment of its assigned responsibilities for the development of minerals. This action also places more responsibility at the bureau level for a relatively stable program. Based on the nature of this program, this transfer should enable the function to continue at the bureau level increasing efficiency in operations through closer coordination with bureau staff on related matters.

While similar transfers could be effected for the OCS program and the Office of Water Policy, it is not felt that this action would be a sound management alternative at this time.

The OCS Program office provides OCS policy oversight and program coordination to the various bureaus under a decentralized program organization, with virtually no duplication of effort. Excellent staff level working relationships have been established with various organization units in Interior with OCS responsibilities and the program is highly effective in addressing its responsibilities. Since OCS program functions cross-cut bureau lines of responsibility, it is also felt to be advantageous to have a Secretarial office with the authority and responsibility to coordinate the overall effort towards achieving Departmental objectives.

The newly created Office of Water Policy was established as a Secretarial policy office pursuant to the provisions of P.L. 97-100. The office functions to coordinate all water policy issues within the Department, including water policy needs of the western states, and promotes analysis and problem solving techniques to critical water issues.

During 1982, the initial year of operation of this activity, and carrying forward into 1983, efforts will be made to effectively staff the office and develop policy and plans to address critical water issues facing the Department. This office will be taking the initiative in addressing areas currently of major concern to the Administration.

Office of Water Policy

Question: With regard to the newly-created Office of Water Policy, please inform us of how far along the establishment and operation of this program has proceeded.

For 1982, you received $1,768,000 for 23 FTE's. For 1983, you have requested the same funding for 25 FTE's. How can you support two more positions with the same level of funding? Are you projecting a carry-over of unobligated funds into 1983? If so, how much?

Answer: The newly created Office of Water Policy currently has a staff of five on board. A Director has been recommended by the Secretary and awaits White House clearance. It is expected the Director will be on board the first part of April, at which time he will supervise implementation of full staffing. In light of the lapse in staffing the office, the estimated workyears reflected for 1982 are somewhat excessive. A more realistic estimate would be 14 workyears in 1982 and 25 in 1983.

Substantive workload presently consists of assisting the Assistant Secretary in his position as a member of the Working Group on Water

Resources with repeal of Principles and Standards and implementation of Principles and Guidelines at the direction of the Cabinet Council on Natural Resources and the Environment. Additionally, Office of Water Policy staff are working with Bureau of Reclamation and Bureau of Indian Affairs on an analysis of the management of the Navajo irrigation project.

The cost of additional FTE's requested in 1983 will be offset against reductions in the office contractual services program with no change in total resource levels requested.

No carryover funds are estimated for 1983. This office is funded by an annual appropriation. At the end of the year, all unobligated balances lapse to the General Fund at the Treasury.

OFFICE OF THE SOLICITOR

STATEMENT OF WILLIAM H. COLDIRON, SOLICITOR

ACCOMPANIED BY:
- MOODY R. TIDWELL III, DEPUTY SOLICITOR
- JEAN A. KINGREY, SPECIAL ASSISTANT TO THE SOLICITOR
- JOHN E. MERRELL, DIRECTOR OF ADMINISTRATION
- DONALD A. CHENDORAIN, DEPUTY DIRECTOR OF ADMINISTRATION
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- JOSEPH GORRELL, DIRECTOR OFFICE OF BUDGET

PREPARED STATEMENT

Senator McCLURE. We will now turn to the Office of the Solicitor.

The fiscal year 1983 budget request for the Office of the Solicitor totals $19,071,000, an increase of $1,471,000 over fiscal year 1982 appropriations to date.

Mr. Coldiron, if you would first introduce your associates, you may then proceed to highlight your opening statement, the full text of which will be included in the record.

[The statement follows:]

STATEMENT OF WILLIAM H. COLDIRON

Mr. Chairman, and members of the subcommittee, thank you for this opportunity to discuss our fiscal year 1983 budget request for the Solicitor's Office of the Department of the Interior.

The Solicitor's Office has submitted a detailed budget justification to the subcommittee. I will briefly highlight the major aspects of our request, and will then be happy to answer your questions.

We are here today to request about $19 million for fiscal year 1983, an increase of $961,000 for a 5-percent increase, over our fiscal year 1983 budget base level. This increase will allow us to implement an automated management information system.

Shortly after my confirmation as Solicitor, I requested the Inspector General of the Department to conduct a management audit of the Solicitor's Office. I felt an independent evaluation of the Solicitor's Office would be useful in identifying both the weaknesses and strengths of the Office. I also wanted an independent evaluation of the workload of the Office and another opinion of the level of service being provided by our attorneys to our clients in the Department.

The funds we are requesting for fiscal year 1983 are a result of the recommendations of that audit and our continuing efforts to increase the efficiency of the Office. The system we plan to initiate includes the Inspector General's recommendations as well as those of the task force I have formed to evaluate our needs. The system will include at a minimum: (1) a time reporting system of legal tasks, (2) information retrieval capabilities, and (3) periodic workload status reports.

As in the past, we are not requesting additional personnel to perform legal services. However, it is becoming increasingly more important to provide management with automated tools that will assist in the management of their workload and manpower, and further assist me in the proper placement of office personnel. As the workload shifts, I want to be able to assign personnel to meet the ever changing workload needs to provide quality and timely legal services to our clients.

With the funds requested in this budget, the Office of the Solicitor will be able to provide legal services more efficiently with greater economies of time and labor. I urge your favorable consideration of this budget submission and will be happy to answer any questions the subcommittee has.

ADDITIONAL COMMITTEE QUESTIONS

Senator McCLURE. We have some questions that I would like to submit for your response.

[The following questions were not asked at the hearing but were submitted to the Department for response subsequent to the hearing:]

ADDITIONAL COMMITTEE QUESTIONS

COMPUTERIZATION

QUESTION: Slightly over $1 million would be spent in fiscal year 1983 to implement a computerized management information system. Last year the Solicitor's office requested $100,000 for lease of LEXIS equipment, software costs and user time. The 1983 justification states that a determination has been made that direct purchase of LEXIS and other computer equipment is more economical than the lease arrangement. Was no such analysis performed prior to last year's request to lease equipment?

ANSWER: In fiscal year 1982, the philosophy in the Solicitor's Office was to implement LEXIS on a trial basis by leasing all necessary equipment. If LEXIS proved to be cost beneficial, then the Office would consider purchasing terminals for each Regional Office. As a result of the Inspector General's audit, additional management information needs were identified for the Solicitor's Office in addition to what was documented in fiscal year 1982. The requested automated management information system will allow the Office to (1) automate and track our legal dockets and workload, (2) establish and maintain an office legal opinion file, (3) implement a time management system and (4) link with the LEXIS Legal Research Data Base.

QUESTION: Please provide for the record information regarding lease versus purchase of the computer equipment and a breakdown of the annual operating expenses.

ANSWER: A comparison of leasing versus purchasing computer equipment for the automated management information system is:

Fiscal Year	Annual Leasing Costs		Purchase Costs	
	Terminals	Computer	Terminals	Computer
1983	$192,000	$ 90,000	$400,000	$225,000
1984	192,000	90,000	---	---
1985	192,000	90,000	---	---
Subtotal	$576,000	$270,000	$400,000	$225,000
Total	$846,000		$625,000	

The lease cost per terminal per month is $400. We require 40 terminals (40 x $400 x 12 months = $192,000/year).

A breakdown of the annual operating costs associated with purchasing are:

Fiscal Year	Telecommunications	Maintenance	Total
1983	$100,000	$170,000	$270,000
1984	100,000	170,000	270,000
1985	100,000	170,000	270,000

It should be noted that the annual operating expenses associated with leasing are $200,000 per year.

QUESTION: In discussing LEXIS last year, you indicated a need for nine (9) terminals -- 8 in the regions and 1 in Washington. The

'83 justification proposes 40 work stations. As we understand, there is no difference between a terminal and a work station. Why do you now require 40 terminals rather than 9?

ANSWER: If, in fiscal year 1982, the LEXIS trial system proved successful in the nine offices, then terminals would have been installed in all divisions, and regional and field offices, bringing the total number of terminals to 40. The sole use of the nine terminals in 1982 would have been to access the LEXIS library.

On the other hand, in fiscal year 1983, the Office proposes to implement a multi-purpose management information system. This multi-purpose system will be used not only to access the LEXIS legal library, but also for data processing and accounting. Specifically, legal information will be entered into a data base. Also, legal dockets, opinions, and workload reports can be immediately accessed. For maximum efficiency, 40 terminals should be installed in all regional and field offices.

QUESTION: Is 40 stations the maximum requirement or do you plan to add more work stations in future years?

ANSWER: We currently do not anticipate the need for more than the 40 terminals. However, should such a need arise in the future, we would not be requesting an increase to our budget.

QUESTION: Will installation of the computer equipment and work stations increase your space requirements?

ANSWER: We do not anticipate the need for additional space to install the computer or the computer terminals. We anticipate that the central computer will be housed in the Docket and Records Branch of the Division of Administration. Some environmental changes such as, installing electrical outlets and air conditioning may be necessary but they can be accomplished at a nominal cost to the Office.

QUESTION: You estimate that 1/3 of the lawyers will use the computer system. Does that mean that 1/3 at any given time will be using the sytem, or that 2/3 of the lawyers will continue to conduct research manually?

ANSWER: The LEXIS capability of our system will be available to every attorney and paralegal in the Office. The estimate of 1/3 of the attorneys using the system is based on a conservative usage estimate. It is anticipated that over time, the percent of the Solicitor's attorneys using the automated library will increase. Further, paralegals and secretaries will also be trained in automated research, thus freeing attorneys to concentrate on other important tasks.

OFFICE DISTRIBUTION ANALYSIS

QUESTION: In a statement submitted for the record last year, your office indicated that the Inspector General would be invited to perform an audit of the Solicitor's Office organizational structure, and procedures and directives. This statement was in specific response to Committee concerns regarding the distribution of field offices. Your opening statement makes reference to the IG's audit with regard to your need for a management information system but says nothing about the field office distribution. Did you request an evaluation of the field office distribution?

ANSWER: Yes, an Inspector General's audit and evaluation of the field office distribution was requested and the audit was completed. The auditors investigated four Solicitor's Regional Offices and ten Solicitor's Field Offices. However, the auditors were unable to determine, or properly evaluate, the workload distribution. The auditors recommended that an automated MIS be developed and used to make decisions related to the distribution of offices. As the priorities, objectives, and workload of the Department change, so does the workload of the Solicitor's Office. As a service organization, we will continue to evaluate our personnel needs and initiate reassignments as necessary to coincide with our workload and departmental organization structure.

QUESTION: We notice that the Kansas City field office is not listed in this year's justification. Has that office been closed or do you plan to close it in the future?

ANSWER: We plan to close the Kansas City Field Office on or about April 12, 1982, to coincide with the closing of the Surface Mining Office. In addition, we plan to transfer our personnel to the Southwest Regional Office.

QUESTION: The allocation for the Rocky Mountain region is increased approximately 9% over the fiscal 1982 appropriation which is a slightly higher percentage increase than for most of the other regions. Why aren't there any savings realized with the closure of one field office?

ANSWER: An adjustment decreasing the Rocky Mountain Regional allocation has not been made as yet. The Rocky Mountain and Southwest allocations will be adjusted to reflect the transfer of functions from Kansas City to Tulsa. No net savings will be realized since the affected personnel will be reassigned to the Southwest Office. The organizational structure does reflect the closing of the Kansas City Office, the allocation chart does not reflect this change.

WORKLOAD

QUESTION: Of the 14 categories into which the Solicitor's work is divided, the average hours required per item has remained relatively constant in all areas except one: Administrative Litigation Other than Surface Mining. The average number of hours per item in fiscal 1981 and 1982 was 28. This year's justification shows the average to be only 8 hours. Has productivity increased this greatly or is there an error in the justification?

ANSWER: There was a typographical error in the fiscal year 1983 justification. The average hours per item in the "Litigation (Administrative) Other" category is 28 for fiscal years 1981, 1982, and 1983.

QUESTION: Of the total number of items handled by the Regional Offices, less than 3% of the work is done in the Intermountain Region and only 7 staff are stationed there. Are there any special circumstances which require a separate office in Salt Lake City?

ANSWER: The seven staff stationed in Salt Lake City are five attorneys and two support personnel. Our analyses of workload shows that five attorney-years of work are estimated to be performed in the Intermountain Office. One of the values of the automated MIS will be to determine whether this office is necessary. The reason for this

Salt Lake City Office is to serve client bureaus that are geographically located in close proximity to Salt Lake City.

QUESTION: Why should the Phoenix Area Office of the Bureau of Indian Affairs and the Denver Regional Office of the National Park Service be clients of the Salt Lake City office when the Solicitor has offices in both Phoenix and in Denver?

ANSWER: The reference to the Intermountain Regional Office serving the Phoenix Area Office of the Bureau of Indian Affairs and the Denver Regional Office of the Park Service is a bit misleading. Our office in Salt Lake City handles primarily those areas that are within the State of Utah. For example, the Regional Office provides legal services to the Park Service as they relate to Bryce Canyon, Dinosaur National Monument, Glen Canyon and Arches National Park all located in Utah. Further, the Intermountain Regional Office provides legal services in conjunction with the various national monuments and recreational areas within Utah. The same is true with regard to the services we provide to the Bureau of Indian Affairs such as, providing legal assistance on matters concerning the Intermountain Indian School, in Brigham City, as well as legal support of the Unitah and Ourah Indian reservations. It is both more economical and efficient to provide these legal services out of the Intermountain Regional Office than out of the Phoenix or Denver Regional offices.

GENERAL ADMINISTRATION

QUESTION: There is a change in the general administration account for fiscal years 1982 and 1983 in that the space costs have now been allocated to the various offices rather than all being charged to the GA account. Please provide for the record, the estimated fiscal 1982 and 1983 space costs by Region.

ANSWER: The estimated fiscal years 1982 and 1983 space costs, by office, are:

(In Thousands of Dollars)

Office	FY 1982	FY 1983
General Administration	153	155
Conservation & Wildlife	135	137
Energy & Resources	183	185
General Law	179	180
Indian Affairs	123	123
Surface Mining	119	120
Audit & Inspection	20	21
Alaska	115	121
Southeast	78	89
Northeast	100	103
Rocky Moutain	83	89
Pacific Northwest	89	96
Pacific Southwest	205	215
Intermountain	34	36
Southwest	114	124
Total	1730	1794

We have determined that a more sound principle of accounting is to show space and other costs in the division or region where the costs are incurred.

SUBCOMMITTEE RECESS

Senator McClure. The subcommittee will recess until 8:30 a.m., Wednesday, March 3, when the subcommittee will take testimony from public witnesses on non-Indian programs.

[Whereupon, at 11:45 a.m., Tuesday, March 2, the subcommittee was recessed, to reconvene at 8:30 a.m., Wednesday, March 3.]

DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1983

WEDNESDAY, MARCH 3, 1982

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, D.C.

The subcommittee met at 8:40 a.m., in room 1224, Everett McKinley Dirksen Senate Office Building, Hon. James A. McClure (chairman) presiding.

Present: Senators McClure and Burdick.

NONDEPARTMENTAL WITNESSES

Senator McCLURE. Good morning. This is the time scheduled to take testimony from nondepartmental witnesses regarding the non-Indian programs under the jurisdiction of this subcommittee.

Because we have nearly 40 witnesses scheduled to testify this morning, I regret that we must limit the time of each to just 5 minutes. However, you can be sure that your full written statement will be made a part of the record.

When you are called to testify, please give one copy of your testimony to the reporter, and bring the other two to me.

Before we do begin, let me extend my apology to those of you who may have had your hearing times changed, as well as to those who will not be able to testify due to time constraints.

We had originally scheduled a hearing that would last all day. Because of the matter concerning Senator Williams on the floor of the Senate today, we have been asked not to conduct hearings past noon. We urge those who will not be able to testify to submit a written statement, which will of course be made a part of the official record.

We may be able to go a little beyond noon, because the Williams matter will not start now until after 1 o'clock. We have permission to sit only for 2 hours after the Senate is in session this morning, so we may transgress a few minutes, but not much more than that.

STATEMENT OF DAVID FURUKAWA, MANAGER, SAN DIEGO OFFICE, RESOURCES CONSERVATION CO.

Senator McCLURE. With that, the first witness is Resources Conservation Co., David Furukawa.

Do you have copies of your testimony?

Mr. FURUKAWA. I must apologize. I don't. There was a last-minute change.

Thank you, Mr. Chairman. My name is David Furukawa, with Resources Conservation Co. I am manager of the San Diego office for the company, and you might say that I'm a product of the desalting program.

I've been involved in research and development, marketing and engineering of desalting processes—primarily membrane processes—for all of the 22 years of my professional career, so I'm very deeply ingrained with the accomplishments of OWRT. In the few minutes that I have this morning, I'd like to share some of the values of those accomplishments.

Of course, the contributions of OWRT are manifold, but to all of us practicing engineers, they have made some valuable contributions in the form of such items as an operational manual, a manual for desalting planners, a manual which outlines the technical aspects of reverse osmosis systems and of process design, which we use on a daily basis in attacking water problems that involve desalination all over the world.

I feel these contributions have been significant, and I feel that, furthermore, because of the progress being made in the industry, these types of contributions are needed in the future. They have been significant in looking at particularly the last 5 years of the industry, when we've really started to grow up.

I feel one of the most significant accomplishments of OWRT support has been in developing new membrane materials, in particular the thin-film composite membranes. This opened up an entirely new vista of chemistry that's available to the polymer chemist now for attacking new ways of making reverse osmosis membranes. It's a singular achievement in the industry, and it couldn't have been done as successfully as it has been or as quickly as it has been, without OWRT support.

Many of the desalination processes are now being utilized in industry for water reuse, water recycling and other industrial-type processes. The utilization of desalination technology for industry, I think, is as important as its achievements for desalting for potable water.

I believe that in the future this is probably one of the great new, large areas of application for the technology. In the past few years I have had the pleasure of participating in an evaluation of probably 50 or more sites for possible construction of the now-defunct OWRT demonstration program. I am pleased to say that during that period of time, when I looked at some 50 or more communities, I found that there were a tremendous variety of water problems, all problems that could use desalination—not all as clear-cut as taking water from the ocean, or taking water from a brackish well and desalting it.

There were myriad problems—problems with nitrates, problems with other types of contaminants in the water that these people are forced to drink today. So although the demonstration program per se was discontinued, the problems still continue, and those problems are serious.

When I see cities such as Virginia Beach paying something on the order of $15 a thousand gallons, I see a problem. When I see housewives in Wollsey and Bourbon, S. Dak., bringing home prescriptions from their doctor instructing them to drink bottled water, I know there's a problem.

And the role that OWRT and Federal programs can play in this is that many of these communities are not aware, or fully aware, of the technology and how to go about solving such problems. Their natural avenue is to turn to OWRT, which, after all, has become a clearinghouse of scientific knowledge for the desalination processes.

I feel that continued OWRT support in this area could be significant to the welfare of all the people of the United States.

I recently got a phone call from another community that participated in that program, in Dauphin Island, Ala. They have a significant problem, one that was exacerbated by the hurricane that went through there just a short couple years ago.

Their problem is still as severe now as it was before; in fact, probably more so, because a new bridge has been built, and they have more people coming over to the island.

At any rate, let me summarize by saying that in spite of all the good things that OWRT has done in the past, I feel there is a significant need for their participation in solving these problems in the future.

Senator McClure. Thank you very much, I appreciate your testimony.

STATEMENT OF JACK C. JORGENSEN, LEGISLATIVE COMMITTEE CHAIRMAN, WATER SUPPLY IMPROVEMENT ASSOCIATION

Senator McClure. Water Supply Improvement Association, Mr. Jack Jorgensen.

Mr. Jorgensen. Mr. Chairman, it's a pleasure to be here today. Mr. Sliger, the president of the organization, is out of the country and unable to be here, so I'm appearing and making the statement for the organization.

The organization is private; it's composed of largely groups of individual researchers, individual members of county, State, and local governments. Primarily, in other words, a group of people that are to be users of technology rather than suppliers of technology, in terms of numbers and representation.

I think there have been a number of questions raised about the progress, or what has been done in the water reuse field in the last few years. Last March, Congressman Yates called together a group of experts that came and participated with us in a round-table discussion of just that issue, and I would suggest that before we place final judgment on the administration's recommendation to terminate the program, that the staff and the committee take a look at that testimony.

We feel like this is a very good statment of the state of the art and the ability of industry or the private sector to assume responsibility for R. & D.

I think the other point we'd like to mention is the encroachment of foreign governments upon the industry and the prospect for industry supplying equipment to the countries in the future.

The Japanese caught the signal of the Congress and the administration in November of last year when the plan to terminate the program went out. They immediately went full-force and announced a large-scale government-supported R. & D. program, and in addition to that, have contracted with the government for a joint program of R. & D. in Saudi Arabia.

The difference between the two contracts that are existing—one OWRT had been working on, and the new Japanese contract—is that the Japanese are volunteering to pay part of the costs. The main influence that we have in that country is through the R. & D. effort we have over there.

Companies that are now gaining the advantage through the technology are bound to lose, with the loss of technology and the pickup of technology advantage by the Japanese.

My personal interest in this whole effort is as a water planner. I went through the late 1950's and early 1960's in water planning, when we went into many diversion projects, some of which you're very familiar with. At that time, water planners became totally frustrated with the prospect of trying to solve water problems with conventional means such as canals and pipelines. We'd get together and try to influence and support an R. & D. program that would provide us with alternate tools to solve water problems.

The desalting, water reuse effort was one of those we chose to put some backing into. We feel this has been very successful. Originally we thought of having large desalting plants located in central metropolitan areas, but that hasn't been the case. Although it is the case in the Middle East, it's not the case in this country. We've taken a different course. It's much to the credit of OWRT and probably much more satisfactory, much more economical to do so.

We're looking at water reuse industrial recycle applications. This, in essence, frees water from the normal water-supply picture, and thus makes it a substitution for supply by secondary means.

Examples of this: there's going to be a large-scale recycling of irrigation return-flows in the State of California, the Central Valley. The other, of course, would be the humid desalting part.

Last, in the way of new technology, the humid desalting plant will benefit greatly by new advances that have been made in membrane technology in recent years. We've got membranes that are now low-pressure membranes instead of high-pressure membranes. We have energy-recovery systems coming out that are very valuable. This, in essence, will reduce the annual costs substantially over when the second or third generation of membranes is installed in that plant.

We think, in summary, that termination of the program is premature, if not a foolhardy thing to do at this time, and we would ask that serious consideration be given to a continuation of a program of some sort. We're willing and able to work with the committees of the Congress in developing new legislation which will bring about some element of cost sharing into the picture by the local governments and the industry, and we're ready and able to.

We have copies of the drafts of legislation prepared to do so.

Senator McCLURE. Thank you very much. We will place your statement in the record.

[The statement follows.]

STATEMENT OF JACK C. JORGENSEN

This statement is presented in support of a continued program for the research and development program of the Office of Water Research and Technology, Department of the Interior. The program of this organization has been scheduled for termination by the administration at the end of the current fiscal year.

On March 23, 1981, a group of experts was asked to join Congressman Yates in a round table discussion on the subject of the state of the art of desalting and waste water reuse technology and the readiness and ability of industry to assume responsibility for research and development. The record of this meeting contains answers to many of the questions you have been asking and we suggest that the committee and staff review the record before passing final judgment on the administration's recommendation to terminate the program.

Our membership recognizes that far-reaching decisions must be made in the Congress this year concerning saline water conversion needs of this Nation. Industry and government have worked together to develop most of the existing technology under leadership of the American government program, and we believe that partnership has been beneficial to the Nation and the world. We are anxious to work with the Congress in solving the problems which exist with the current program and in developing alternative ways to continue the exploration of new ideas and the further development of research in progress.

Although the record of industry dollar support is not apparent because the existing legislation has not required cost sharing on the record, we strongly support the concept of cost sharing by the industrial partner in these programs. However, as many of our members have testified before the committee, we do not believe that high-risk research and development will continue without Federal program support and leadership. The American government program has led the world in the development of this new technology, particularly in membranes. Other governments have recognized the value of this work and are increasingly investing in R. & D. in this field in an effort to catch up and pass the U.S. industry in the world market. American industry cannot compete successfully against subsidized industry in other nations, and the American share of the world market is under serious attack.

To illustrate this point, I would like to point out that the ink on the appropriations act of last year hadn't been dry before Japan entered into a contract with the Saudi Arabian Government to perform a joint research, development, testing and training program in desalting. This was done with the knowledge that the United States had signaled its intent to withdraw from desalting research and development. The agreement is almost identical to the one which the United States has been supporting with on site experts and a desalting research and development program of 25 plus years with acknowledged technology leadership at the time. The principle difference is that the Japanese Government is going to cost share in the project, where as our arrangement is 100 percent financed by the Saudi Government. Obviously, Japan, Saudi Arabia, France, and the Germans do not consider Government support for desalting and water reuse R. & D. to be unnecessary at this time. Our involvement in the Saudi program was intended to give American firms an edge in the potential market, which it has up until now. It is now estimated that the potential market for equipment and services over the next 10 years could be over $1.6 billion. It is not difficult to forsee that a well financed Government supported program at home and a cost-shared program in Saudi Arabia will certainly be in a favored position to influence purchases in the marketplace. We may well see the established desalting technology advantage of the United States go the way of the American auto industry.

The U.S. interest in demineralization of impaired water is also enhanced by the fact that an industrialized society will have need for this technology for purposes other than desalting of seawater or brackish groundwater. American needs differ greatly from those of third-world countries in arid parts of the world. Past market forecasts have predicted several large desalting plants delivering water to domestic markets. Time has not proven this to be the case in the United States. Innovative adaptations of the OWRT developed technology from OWRT sponsored projects have brought into being a growing number of plants in the United States combined with other technology to make it possible to reuse impaired quality waters for useful purposes. WSIA is concerned that the disappearance of the American government from this specialized research effort will adversely affect the availability of industrial process water and also the potential use of water of impaired quality and waste water as an alternative to conventional water resources development.

For the above reasons, we strongly support the continuation of a saline water research and development program and the reauthorization of a water research and development act with needed amendments to require cost sharing from industry and/or the water user sector. We are anxious to work with the Congress in developing this new approach. Although industry and water user organizations have invested extensively in R. & D. in this field, that investment has not been required or explicitly recorded in projects supported by OWRT, and we recognize the need to correct this legislation to reflect the reality of financial participation. WSIA has drafted a legislative proposal and we would be pleased to make our suggestions available and to testify before the committees.

We are aware that the Appropriations Committee has requested a report from the Secretary of the Interior concerning plans for the test facilities at Roswell, N. Mex. and Wrightsville, Beach, N.C. We have volunteered our services to contribute ideas and suggestions to this report, but as of this date have not been contacted. We are anxious to work with the committee in considering the fate of these test facilities, and are particularly concerned about the completion of testing ongoing at this time.

A final concern of our members is the fate of reports of research and development work which is underway at this time through OWRT and the disposition of a volume of unofficial file material, much of it "one of a kind," that has accumulated over 25 years in offices of the agency. This material has been available to researchers and industry in the past and should be preserved and placed in a location where it can be easily accessible and used by interested parties worldwide. We would specifically like to recommend that material resulting from these federally supported projects be made available either through a continued Federal program or through a center with an active program, such as the Saline Water Laboratory at the University of California, Berkeley, Calif., or a public body such as the Orange County Water District in California which continues to support a strong program in connection with their waste water reuse project. These would be ideal locations for all records of work done for the Office of Saline Water and the Office of Water Research and Technology, if it is determined that no Federal program is to continue.

STATEMENT OF PAUL J. SCHROEDER, PRESIDENT, SCHROEDER PROCESS CORP., SANTA ANA, CALIF.

Senator McClure. Paul Schroeder, Schroeder Process Corp.

Mr. Schroeder. Mr. Chairman, I am Paul Schroeder, of Schroeder Process Corporation.

I sort of think that the current situation is analogous to that which existed several years ago when the Director of the Patent Office seriously proposed that we close the office because everything that could be invented had already been invented.

Today, at a time when we should be expanding desalting research, we propose to close the Office of Water Research and Technology, based on the assumption that desalination research and development long ago went past the point of basic research.

Let me assure you that it's not so. This research is still needed; we can achieve much. The statement I submitted discusses why this research is needed, particularly with regard to solutions to our water pollution problems, which simply cannot be solved by building or repairing dams or water distribution systems, as has been proposed.

It also cites a $121 million investment in membrane research that has single-handedly justified all expenditures on the entire desalting program since it began in 1953.

Today I would like to tell you about my own experience as a small business that is working on these problems, because I believe it must be similar to that of other small businesses.

Some have assumed that once Government funding is stopped, industry will take up this research. They will not. Big business won't and small business can't. Big business will improve their own products or will develop ideas that were born in their own companies, but they will not sponsor new competition; rather, they would prefer that such research not be done at all.

The original inspiration for invention generally occurs in the mind of a single individual, and you cannot judge the value of an idea by the size of the business that it comes from any more than you can judge the value of a program by the size of its budget.

We are indebted to Senator Rudman for pointing out that small firms, quote: ". . . produce up to 24 times more innovations per R. & D. dollar than larger companies and universities." Perhaps the reason for this is that many small businesses are started because their founder had a good idea.

We are a very small business that had such a great idea. We have invented a desalting process that has the potential to cut energy requirements in half, and capital and water costs by one-third to one-half. It also has the ability to do some jobs that existing processes can't do at all.

We have done and will continue to do what we can on our own. We've also had help from the Office of Water Research and Technology. We need a bit more. Without this financial support, this technology will probably be lost.

There is nothing easier to cut than a research budget, because if the people ever find out what happened to them, it will only be indirectly and too late. If you cut off someone's mail service, you will hear from them the next day. But supposing you were in the day of the oil lamp, and no one did the research to invent the electric light, people would not miss it, but their lives would be greatly affected.

PREPARED STATEMENT

I'll be happy to elaborate on any of these points. Thank you for the opportunity to appear to present my views.

Senator McClure. Thank you. Just parenthetically, it might be well to note that the government didn't invent the electric light. [Laughter]

Mr. Schroeder. That is well worth noting.

Senator McClure. The research was done, and that's a national need. Your statement will be placed in the record.

[The statement follows:]

STATEMENT OF PAUL J. SCHROEDER

THE OFFICE OF WATER RESEARCH AND TECHNOLOGY FISCAL YEAR 1983 BUDGET

The estimated fiscal year 1982 budget for the Office of Water Research and Technology (OWRT) is $10,636,000, down from $24,585,000 in 1981. Less than one-half of this is for saline water conversion and water reuse research and development. The proposed budget for 1983 is zero. In 1978, I recommended a budget for this purpose of $500 million over a 10-year period. Since we now have several years of catch-up to do, we should start with a budget for fiscal year 1983 of $50 million for saline water conversion and water reuse research and development.

RESEARCH THAT PAYS FOR ITSELF

RESEARCH STILL NEEDED

To discontinue research in desalting at this time would be like closing the Patent Office in 1840. I understand that this was seriously proposed, because "Everything that could be invented has already been invented!" Let me assure you that much can still be accomplished with desalting research. The position taken by some a few years ago that thermal processes were so far advanced that further research was unjustified is demonstratably untrue! There are emerging thermal processes that have the potential to reduce costs and energy consumption substantially, and to do jobs that cannot be done with existing processes. It could be argued, that as much as we need it, we simply cannot afford this program now. Not so! This program makes money. One example should suffice.

THE PAYOUT ON MEMBRANE RESEARCH

In 1972 I was responsible for updating a 1969 report on the economics of reverse osmosis. During that 3 year period, desalting appropriations for membrane research totalled $21,100,000. What did we get for our money?

The Yuma Desalting Plant—a solution to an international problem.—Desalting to Wellton-Mohawk District irrigation return flows by reverse osmosis was selected as the lowest cost, politically acceptable answer to Mexico's complaints about high salinity in the Colorado River at the international boundary. Suppose that the research had never been done so that reverse osmosis had not been invented. How would we have solved the problem then? However, the research was done, and it was invented. But, what if research had been stopped in 1969? Our study showed that, during those 3 years, research work tripled the capacity of the reverse osmosis modules. If this research had not been done, three times as many modules and their associated equipment would have been required. This equipment is usually responsible for about two-thirds of the cost of a reverse osmosis plant. In the case of the Yuma Desalting Plant two-thirds of the current estimated cost of $240 million would be $160 million. Without the research, it could have cost the U.S. Government $320 million more—not bad justification for a $21 million investment. It is about equal to the entire amount spent on the desalting program since it began in 1953.

The $100 million industry.—As an added bonus from this research work we now have a $100 million per year reverse osmosis industry, which did not exist before. A growing portion of this market is overseas, which improved our balance-of-payments position.

SMALL BUSINESS INNOVATION—AN ESSENTIAL INGREDIENT

Some have assumed that industry will take up the research where the Government leaves off. They will not. Large companies will improve their products or will develop ideas that were born in their own company, but will not sponsor new competition that originates outside their own company.

The original inspiration for an invention generally occurs in the mind of a single individual who may work for either a very large or a very small company (like a company of one), or anywhere in between. Our own experience can be used as an example. We learned of a desalting process that is so impressive that even though we are a very small business, we employed a portion of our capital to bring the process to the point where it could attract research support. OWRT awarded a contract for needed laboratory research. This work is now completed, and was highly successful. A pilot plant could be designed, now, but just a bit more laboratory work could show that a plant of one-half or even one-quarter the size would work just as well. We proposed to OWRT that this work be done and that a pilot plant be designed, built, and operated. They asked us to prepare an estimate for doing this. We were in the process of doing so when we were informed that OWRT would be wiped out because of the assumption that "Desalination research and development which long ago passed the point of basic research . . . .". The cost would have been incredibly low compared to normal expectations, becuase the process is so simple.

This technology, which is desparately needed to help relieve our water and pollution problems, will probably be lost. There is no way the work can be carried on at this time without outside support.

One cannot judge the value of an idea by the size of the business that it comes from, any more than he can judge the value of a program by the size of its budget. We are indebted to Senator Rudman for pointing out (Washington Post) that small firms ". . . produce up to 24 times more innovations per R. & D. dollar than larger companies and universities."

THE IMPENDING WATER CRISIS

LOCAL WATER SHORTAGES AND THE NEED FOR DRINKING WATER CLEAN-UP

Much has been said by others on the impending water crisis. It has frequently been the subject of the cover story of national magazines (Forbes, Newsweek, Life, U.S. News & World Report, and Consulting Engineer). But, most of their concern was directed toward local water shortages and the need for drinking water clean-up. Our studies indicate that the need for desalting in water resuse is more than five times the need for desalting in both of these sources combined! Needless to say, building or repairing dams, or water distribution systems will in no way alleviate these pollution related problems.

WATER REUSE—THE OVERLOOKED NEED (EVERYONE IS LOOKING IN THE WRONG PLACE!)

The principal cause for the increasing interest in desalting as a tool for water reuse is industries' need to comply with the Federal Water Pollution Control Act Amendments of 1972 (Public Law 92-500). The intent of this law is to stop industry from dumping pollutants into our rivers and streams, so that we may achieve fishable and swimable waters by 1983, and zero discharge by 1985. They can accomplish this either by reusing the water in their own facility or by cleaning up their return flow stream so that it can be reused by others. This increasing interest was reflected in a recent publication of the Environmental Protection Agency. They reviewed the literature on efforts by industry to comply with Public Law 92-500 during the period of 1967-78. Obviously, not anywhere near all of the 912 cases cited used desalting, but a surprising about 10 percent did. Virtually every commercial process: reverse osmosis, evaporation, multistage flash, vertical tube evaporators, electrodialysis, et cetera, and even one semicommercial process (freezing), were utilized. As might be expected, in one process was best for all problems, and in some instances a combination of processes was required. All of the large water using industries (a total of 20) were involved, too.

Of course, it must be recognized that this information is from one source only. It could be supplemented by numerous specific examples from other sources. More importantly, the period ended in 1978, 7 years before zero discharge is required by Public Law 92-500. Interest in compliance can be expected to accelerate rapidly as 1985 approaches. Furthermore, it can be anticipated that desalting's share of this activity will increase geometrically with time, because the most difficult problems will be dealt with last. A costly solution to a problem will not be implemented until necessary.

RESEARCH—EASY TO CUT

There is nothing easier to cut than a research budget, because if the people ever find out what happened to them, it will only be indirectly, and too late. If you cut off someone's mail service, you will hear from them the next day. But suppose we were still in the day of the oil lamp, and no one did the research to invent the electric light. People would not miss it, but their lives would be greatly affected.

STATEMENT OF: DR. JAY BARTON, PRESIDENT OF THE UNIVERSITY OF ALASKA AND CHAIRMAN OF THE MINERAL RESOURCES COMMITTEE

ACCOMPANIED BY:

DR. ERNEST SMERDON, VICE CHANCELLOR, ACADEMIC AFFAIRS, UNIVERSITY OF TEXAS, AUSTIN

RON LABISKY, SCHOOL OF FOREST RESOURCES AND CONSERVATION, UNIVERSITY OF FLORIDA, GAINESVILLE, CHAIRMAN, NATIONAL FISH & WILDLIFE RESEARCH COUNCIL

ROBERT STIEFEL, CHAIRMAN, NATIONAL ASSOCIATION OF WATER INSTITUTE DIRECTORS, OHIO STATE UNIVERISTY, COLUMBUS, AND PROFESSOR OF CIVIL ENGINEERING

DR. DOUGLAS FUERSTENAU, PROFESSOR OF METALLURGY, UNIVERSITY OF CALIFORNIA, BERKELEY

DR. DON L. WARNER, DEAN, SCHOOL OF MINES AND METALLURGY, UNIVERSITY OF MISSOURI, ROLLA

Senator McClure. Next, the National Association of State Universities and Land-Grant Colleges, Dr. Jay Barton, University of Alaska; accompanied by Dr. Ernest Smerdon, vice chancellor, academic affairs, University of Texas, Austin; Ron Labisky, School of Forest Resources and Conservation, University of Florida, Gainesville, chairman, National Fish & Wildlife Research Council; Robert Stiefel, chairman, National Association of Water Institute Directors, Ohio State University, Columbus and professor of civil engineering; Dr. Douglas Fuerstenau, professor of metallurgy, University of California, Berkeley; and Dr. Don L. Warner, dean, School of Mines and Metallurgy, University of Missouri, Rolla.

Dr. Barton. As you know, Alaska doesn't do anything small. I brought a team here. I'm president of the University of Alaska. I'm representing the National Association of State Universities and Land-Grant Colleges. I'd like to speak to you on three programs of great importance to America. First, the mineral land-grant program, second, the cooperative fish and wildlife program, and third, the water institute program.

I have with me today in support for questions and for presentations, Dr. Douglas Fuerstenau, professor of metallurgy at the University of California, Berkeley, and chairman of the Association of Mineral Institute Directors; Dr. Don Warner, dean of the School of Mines and Metallurgy of the University of Missouri at Rolla; Dr. Ernest Smerdon, vice chancellor for academic affairs at the University of Texas, in Austin; Dr. Ronald Labisky, from the School of Forest Resources and Conservation, University of Florida, Gainesville, who is also chairman of the National Fish & Wildlife Council; and Robert Stiefel, chairman of the National Association of Water Institute Directors, who is a civil engineer from Ohio State University.

Very briefly, without repeating the testimony we submitted to you, I'd like to point out that we feel the mineral institute program serves two important purposes in the national interest. First, it's an important part of our developing mineral resource policy. The report put out by the Committee on Interior and Insular Affairs and the Subcommittee on Mines and Mining on U.S. minerals vulnerability, points out clearly how important it is to develop a national resource policy and how important it is that we do the necessary research to understand how to extract and process minerals from the complicated kinds of ores that we deal with today.

More importantly, especially from my point of view as a university president, I feel the mineral institute program helps us in two critical manpower areas, first, that of producing necessary engineers to make our country tick, especially in mining. Second, and perhaps just as important, and a critical problem today, that of encouraging some of our best mining engineers to remain on university faculties. It's the kinds of funds that we have received from the mineral institute program that have given us the flexibility to support young graduate students, to support young faculty members and to help solve the Nation's manpower crisis in a field that during the 1950's and 1960's very sadly decayed.

I strongly urge its support, at least at last year's level.

Second, the cooperative fish and wildlife program also offers us two interesting rationales for its continued success. First of all, it's an example of the best that land-grant universities can offer, a problem-solving mechanism that is locally based and gets set national priorities and State priorities as well. It has helped us tremendously in manpower. It has helped us understand the impact of much of our modern technological world on the fish and wildlife resources. In Alaska it's been very useful in helping us understand how to develop the pipeline, how to develop the tremendous resources of that State and still protect our fish and game resources.

I'd like to turn the rest of my 5 minutes over to Dr. Ernest Smerdon, vice chancellor for economic affairs, who'd like to speak briefly on the water programs.

Dr. SMERDON. Thank you very much.

I have summarized my statement by making only two points. The first point regards the recommendation that there be a study regarding the number of water institutes, the second point in regard to appropriations. We have looked into the number of institutes. The National Institutes of Water Institute Directors performed a study, and I believe you have a copy of that report. We can provide you another copy.

We would propose that five options cover the range of possibilities regarding the institutes. One option would be the status quo. Another option would be guaranteed Federal support for an institute in each State. A third option would be to provide Federal support only to the State institutes that meet some predetermined criteria of effectiveness. A fourth option would be regional institutes. And a fifth option, of course, would be to abolish the program.

I have discussed in my statement each of these options. Basically, we support option three, which is to provide Federal support only to the State institutes that meet some predetermined criteria for effectiveness. A logical question is what should that criterion be? Should it be based on an external review of the program quality? We support any review that improves program quality, but we would not encourage any review that would need more bureaucracy in terms of the review process. Instead we think that a specified non-Federal financial commitment is a good approach to take. Specifically, we recommend that each institute should make a commitment of $150,000 per year to this program, non-Federal money, and furthermore, in recognition of the fact that the States are also having certain problems, we recommend that there be a phase-in to our matching commitment. The matching commitment recommended is a dollar for dollar basis for the next 2 fiscal years, going to $1½ non-Federal for each Federal dollar next year and then going to $2 to $1, which we think is in line with increasing the emphasis on State responsibility for this program.

We would urge you not to abolish the program because we think the program has been very effective. It currently generates 140 percent as much non-Federal money as Federal money. So we think that it has been successful.

PREPARED STATEMENTS

Senator McCLURE. Thank you. your statement is a matter of record, and I appreciate very much the appearance of all you gentlemen here.

[The statements follow:]

STATEMENTS OF JAY BARTON

My name is Jay Barton. I am President of the University of Alaska. I am here as a representative of the National Association of State Universities and Land-Grant Colleges to ask for your support for the Cooperative Fish and Wildlife Research Units, a program of the U.S. Fish and Wildlife Service. Last year, the Units were not included in the Service budget, but widespread public support led to a budget restoration of 4.4 million dollars. Again this year (FY'83), the Units are not in the Fish and Wildlife Service budget. On behalf of the universities I represent, I express appreciation for the Congressional support given the Units last year. I ask for your support again for FY'83, at the level of funding for FY'82--or higher.

Why are the land-grant universities so interested in the Cooperative Units? Since 1935, when the Cooperative Unit Program concept was created through Congressional action, many land-grant institutions have been directly involved in a remarkably successful federal-state partnership to conserve and manage fish and wildlife resources through education and research. Without federal participation, the Cooperative Units, in concept and capability, will cease to exist.

There are now 50 Cooperative Units located at 31 land-grant and state universities in 29 states. The Units provide a network of research and training that focuses on national, regional and state needs. For example, all Units are working to understand the ways that land use and development can proceed with minimal impact to fish and wildlife, a national concern. The solutions to such resource problems vary from one region of the country to another. In Alaska, my home state, the Cooperative Units have benefited the Federal Government, the State of Alaska and the University of Alaska.

Studies of caribou movements in the Prudhoe Bay area provided information that led to design and location of pipeline crossings and other oilfield facilities to minimize the impact of oil development on caribou. Research on migratory bird habitat use in the Alaskan Arctic has provided information that has guided the scheduling of oil and gas exploration to protect critical habitat areas during the periods of most intensive wildlife use. In Southeast Alaska, Unit research programs--funded jointly by the U.S. Forest Service, the Alaska Department of Fish and Game and a Native village corporation, are directed at assessing the consequences of various forest cutting and management practices on deer, river otter and mink populations. Studies on interior Alaska streams are identifying critical habitat for the spawning and rearing of resident fishes that inhabit federal, state and private land, and include a new project on the effects of placer mining on stream fish populations. The goal of these projects is to recommend ways by which mining and other land uses may proceed with minimal effects on aquatic life. We seek development without destruction. Management of fish and wildlife resources, particularly in Alaska, requires close cooperation between the state, which has administrative jurisdiction over these resources, and the several federal agencies and Native corporations, which have jurisdiction over much of the land.

Elsewhere, as in Alaska, the Cooperative Units have addressed key resource problems with similar success. In the Pacific Northwest, the Fishery Units of Washington, Oregon and Idaho have combined forces in addressing multi-state management problems with salmon and steelhead. The Montana Wildlife Unit has been a leader for more than a dozen years in providing information needed for managing grizzly bears, wolves, and other carnivores. The midwestern Wildlife Units of Wisconsin and Missouri, in cooperation with other states and the Canadian government, have developed strategies for managing the important Mississippi Valley population of Canada geese. The Units in Massachusetts and Maine have been at the forefront in providing valuable information for Atlantic salmon restoration; in addition, these Units, plus those in Pennsylvania and New York, are heavily involved in developing techniques designed to mitigate the effects of acid rain in the Northeast. In the Southeast, the Mississippi, Florida and Louisiana Units are focusing on critical wetland problems.

Two important features contribute to the success of the Unit research program. First, the geographic network of Units across the country provides an in-place capability for the conduct of priority fish and wildlife research. This same type of network was the key to the success of the now time-tested local Agricultural Experiment Station. Second, the Units, because of their unique tri-partite structure and attendent scientific expertise, generate about 2 dollars of outside research funding for every 1 dollar of federal funds allocated to the Units. In short, the Units produce timely and cost-effective research findings of high quality.

Nationwide, graduates of the advanced degree programs of the Units have been readily employable. In Alaska, graduates of our program are widely placed in state and federal resource management agencies and private industry. Our current Commissioner of the Alaska Department of Fish and Game, the past Commissioner of Natural Resources, the past Chairman of the Board of Game, and four program supervisors within the U.S. Fish and Wildlife Service--as well as numerous field-level biologists in the Alaska Department of Fish and Game, U.S. Fish and Wildlife Service, U.S. Forest Serice and Bureau of Land Management, are all graduates of Unit programs.

What would be the impact, then, of the loss of federal funding for the Units? Most importantly, the program would lose its federal-state cooperative nature. This cooperation is a high priority of the Department of the Interior and its agencies, including the U.S. Fish and Wildlife Service. There is no way that the cooperative aspect of the program could be duplicated if the federal government were to withdraw its support. Federal priorities and initiatives could not be implemented.

Further, I know that other land-grant university presidents throughout the country share my concern that our graduate programs would suffer if the Cooperative Units were to fold. Our ability to train graduate students uniquely oriented toward problem solving in the fish and game area would be greatly impaired. In summary, the Cooperative Units have created a partnership with federal and state agencies that, we feel, has served to enhance our efforts in a way not possible by state or university efforts alone. The National Association of State Universities and Land-Grant Colleges asks for your support of the Cooperative Fishery and Wildlife Research Unit Program within the U.S. Fish and Wildlife Service.

I am Jay Barton, President of the University of Alaska and Chairman of the Mineral Resources Committee of the National Association of State Universities and Land-Grant Colleges. Accompanying me are Dr. Douglas W. Fuerstenau, Professor of Metallurgy, University of California, Berkeley, and Chairman of the Association of Mineral Institute Directors and Dr. Don L. Warner, Dean of the School of Mines and Metallurgy of the University of Missouri-Rolla.

My testimony is on behalf of the NASULGC Mineral Resources Committee and is a request that Congress appropriate funds for continuation of the State Mineral Institute program now administered by the Bureau of Mines.

As outlined in the report prepared in 1980 by the Subcommittee on Mines and Mining of the Committee on Interior and Insular Affairs, "U.S. Minerals Vulnerability: National Policy Implications," there is an emerging awareness that oil is not the only mineral in short supply. Access to nonfuel minerals cannot be left to chance in view of the critical role that these resources play in our defense, economy, and everyday lives. With 6 percent of the world's populations we Americans consume 23 percent of its nonenergy minerals and 30 percent of its mineral fuels. There is not an aspect of America's large and diverse economy that is not dependent on minerals. All that we do depends upon minerals, and without them our economy would grind to a halt. As stated in the foregoing report:

> "What is particularly distressing is the absence of a commitment in those very (government) departments that are charged with ensuring domestic mineral adequacy. . . It is imperative that national leaders understand the significance of nonfuel minerals and direct officials of government to make a correction."

The United States must have a national commitment to adequate domestic production of minerals, both nonfuel and fuel. As outlined in the report on minerals vulnerability, there has been a steady decline in the mineral industry capability of this country. In 1970, there were 14 zinc smelters operating in the United States, and in 1980 there were only 6. From 1973 to 1978, our trade deficit in nonfuel mineral imports rose from $2 billion to $8 billion, while the negative balance of trade in fuel minerals rose from some $6 to $28 billion. A recent study showed that the production of twelve of our necessary materials consumes over 10 percent of our nation's energy budget. Clearly, there is a strong interdependence of energy and the minerals industry. The interdependence of energy and minerals continues to grow because the grade of ores steadily decreases. For example, today one ton of rock must be mined to produce 10 pounds of copper, and the largest single energy-consuming step is grinding the ore to separate out the copper minerals. Overall, the energy to grind ores and rocks consumes more than one percent of all the electrical power generated in the U.S. New technology is required to reduce these energy requirements for minerals and materials production and to mine and process the mineral raw materials that are available within our own borders. Research on this new technology is currently being conducted in many of the institutions involved in the Mineral Institute program. The costs for this research are far below the possible gains to our national economy that might be achieved through reduction of the import trade balance and the reduction of energy requirements by the mineral industry.

We would like to further illustrate our point about the need for continued and even expanded research in mineral engineering by comparing recent trends in the U.S. and Japan. The great problem American industry finds itself is in large measure the result of insufficient research expenditures and research attitudes. Some recent statistics from Japan clearly delineate the difference between the productivity of the American steel industry and the Japanese steel industry.

	Productivity in tons of crude steel per man-year*	
Year	United States	Japan
1960	170	100
1970	240	330
1974	270	480
1979	270	550

* After H. Takano, Tetsu-toHagane, Vol. 67, page 1867 (1981).

	Research Expenditures, Billions of Yen**	
	United States	Japan
1960	36	9
1970	54	35
1974	49	82
1979	--	--

** J. Shiramatsu, Iron and Steel Institute of Japan (1980).

The American industry is now turning to Japan to learn how to design new efficient steel mills. The Mineral Institute program provides one basis for helping our nation realize this needed new mineral technology.

A very important, if not the most important, contribution of the Mineral Institute program is helping to provide the mineral and engineering manpower needed by industry, government and education.

During the 1960's and early 1970's mineral engineering programs at a number of universities declined drastically and some disappeared entirely. In 1973 there were only 11 accredited mining engineering programs, whereas, in 1960 there had been more than 20. Since the establishment of the Mineral Institute program a number of historic mineral engineering departments have been revived and some entirely new ones created. It is not meant to imply that funding from the Mineral Institute program is supporting such departments entirely. Funds from the program have provided the incentive for revival and establishment of some of these mineral engineering programs, thus expanding the base for U.S. mineral engineering manpower training.

A critical national problem is the recruitment and retention of university faculty in engineering and some science fields. A recent policy paper entitled "The Doctoral Shortage in Engineering: A Growing Crisis," prepared through NASULGC addressed this subject.

Conclusions of the NASULGC paper included:

1. "There is a crisis in engineering education that threatens our national wellbeing. The production of engineering doctorates in the U.S. is far short of requirements and is growing more crucial. Action is urgently needed to reverse this trend in order to provide quality education and research for the engineers in our colleges, and an adequate supply of engineers for national growth and security."

2. "While (engineering) doctoral production has been declining overall, the number of foreign nationals earning doctorates has been increasing."

3. "Recruitment and retention of engineering faculty is made even more difficult because of:

a. Inadequate faculty salaries

b. Inadequate facilities

c. Inadequate equipment

d. Shortage of teaching assistants

Recruitment and retention of faculty in mineral engineering and science is even more difficult than in engineering in general because of the specialized nature and smaller number of such departments and because of the competition by industry and government for such persons.

The Mineral Institue program provides important assistance in the development, recruitment and retention of mineral engineering and science faculty through:

1. Graduate fellowships
2. Flexible institutional allotments that can be used for faculty summer salaries, research and teaching equipment and general departmental support.
3. Funding of research projects that support both graduate students and faculty as in 1 and 2.

In summary, the present Mineral Institute program contributes importantly to the U.S. minerals industry and thus to the Nation's economy and defense capability by development of new minerals technology and by production of the critically needed manpower for the minerals industry, government and the universities. It has long been demonstrated in many fields that universities function as the primary source of new scientific and engineering knowledge. In the long neglected field of mineral engineering, research and education must not be allowed to lapse in our colleges and universities but must be strengthened. Thus, we are absolutely convinced the Mineral Institute program -- young and small that it -- is vital to the future well-being of our nation. We strongly urge that FY '83 funds be reinstated at no less than the FY '82 level.

STATEMENT OF ERNEST T. SMERDON

I am Ernest T. Smerdon of the University of Texas System and Chairman of the Water Resources Committee of the National Association of State Universities and Land Grant Colleges. This statement is presented on behalf of the Committee.

I will stress two points in my brief statement. The first is the request by Congress in the FY82 appropriations Conference Report that the Department of the Interior undertake a serious review of the number of water research institutes. The second concerns our recommendations for appropriations.

About a year ago the Water Resources Committee of the Association in cooperation with the National Association of Water Institute Directors and the Universities Council on Water Resources conducted a study of the economic impacts of the university water research program. That report which was sent to you, showed that the economic benefits from the research have been impressive. In the application of research results, the savings to federal agencies alone exceeds the initial investment. More than 30,000 students have received training and/or water related work experience in universities. Still, we realize that some contend that the program has not been as good as it should be and should be changed -- or even eliminated.

We believe that five options cover the range of actions that might realistically be taken regarding the number of institutes. These are: (1) The status quo -- no change in the existing program, (2) Some guaranteed Federal support for each state institute, (3) Provide Federal support only to state institutes that meet some predetermined criteria for effectiveness, (4) Concentrate Federal support in several regional institutes, and (5) Abolish the nationwide institute program.

The options are discussed briefly below:

Option 1. No Change in the Existing Program. This option is not recommended. Although we believe the program has been good, with a high payoff, there is potential for improvement by taking advantage of its best elements and for this reason another option offers better opportunity to improve the program.

Option 2. Some Guaranteed Federal Support for a Water Research Institute in Each State. This option is viewed by some as being similar to Option 1. It is not the same because this option envisions the guaranteed Federal support to be different for each state according to the quality of program, the magnitude of the water problem in the state, and perhaps other factors. Under the current program all states receive the same allotment. Like the current program, this option encourages non-Federal support for the program. It also fosters communication within and across state boundaries and assures that research expertise in every state is utilized. Although this option is favored by several, we believe that Option 3 which follows has greater merit.

Option 3. Provide Federal Support Only to State Institutes that Meet Some Predetermined Criteria for Effectiveness. In view of the current budgetary situation and other factors, we believe this option is the best. It incorporates the elements which we have supported in proposed legislation for the water resources research program. This option provides every state an opportunity to participate, but also recognizes that a major part of the responsibility for participation must rest with the state.

The key issue is -- what is an adequate commitment by the state and university to justify continued Federal support for the program? It could be determined on the basis of an independent review of the program quality or a specific financial commitment by the State. We support all measures to assure program quality, but see the independent review mechanism as one which could well create more bureaucracy and costs. We believe the states themselves can best determine when an institute program has merit and justifies support using its own review and evaluation procedures. Therefore, we recommend that the basis for qualifying for Federal support be a specified non-Federal financial commitment and evidence, satisfactory to the Secretary, that the institute program was developed with adequate attention to state, regional, and national water problems. Collaboration and consultation with local, state, regional and national water agencies should also be assured. The amount of state financial commitment should indicate a growing acceptance of the notion by the state that water resources research is important, but not to the degree that small states could not afford to participate.

The non-Federal support for the research should match the Federal support on at least a dollar-for-dollar basis in the next two fiscal years increasing to one and one-half non-Federal dollars for each Federal dollar in the subsequent fiscal year, then increasing to two non-Federal dollars for each Federal dollar thereafter. Moreover, the state should commit at least $150,000 per year of non-Federal funds to the program with the amount increasing as provided in the above matching requirement schedule. Several states could chose to voluntarily join in a regional institute program if the joint non-Federal support for the regional institute totaled $150,000. The same progressive non-Federal matching requirements would apply.

Option 4. Concentrate Federal Support in Several Regional Institutes. Although this option appears to have merit on the surface, it poses several problems. A hallmark of the current program has been jointly supported research. Nationwide, only 30% ($12 million) of the total institute support currently come from OWRT funds. The states contribute 42% ($17 million) and private support adds 3% ($2 million). The final 25% ($10 million) comes from non-OWRT Federal agencies through competitive grants. If OWRT awarded its funds to a dozen or so regional institutes, several things would happen. Most importantly, the non-Federal funds in the program would dry up. It is not realistic to expect states to appropriate funds for programs which are centered in other states. We do not know of any successful regional research center program that has been as successful as this one in generating ongoing non-Federal support. Furthermore, the education and training benefits would be lost.

Option 5. Abolish the Nationwide Institute Program. The future water problems of this nation will not become less severe. To ignore these problems at the national level is shortsighted. Curtailment of the program will end the effective stimulus the program has had in generating non-Federal support for research and state interest in future water problems. This option would be a serious mistake.

In summary, we recommend the adoption of Option 3. The stringent matching requirements assures careful evaluation of the merit and quality of the program at the state level. The program could be administered by a small staff, reducing the administrative costs. Nationwide water resources research will be strengthened without increasing the Federal funding commitment. Moreover, the best elements of the existing program will be retained.

Appropriations Recommendations

It is not possible to accurately predict how many institutes will meet the effectiveness criteria established for this program. Therefore, we recommend that $8,100,000 be appropriated for water research support through the institutes as described in Option 3, with the stipulation that the money saved because of institutes failing to qualify would lapse and not be expended.

We also recommend that $12,000,000 be appropriated to support programs of water resources research at any qulaified educational institution, private foundations and private research organizations. The research grants under this program should be on a matching basis, unless the Secretary deems otherwise justified, and awarded on the basis of merit. This program will provide the opportunity for the support of high quality water resources research at any university in the nation when the problems are important and the expertise exists to effectively conduct the investigations.

Finally, let me repeat that we are now working with the offices of Senator Abdnor and Congressman Kazen to support the introduction of legislation which will provide the future authorization for a water resources research program containing the provisions I have discussed here today.

STATEMENT OF JOHN HARVILLE, EXECUTIVE DIRECTOR, MARINE FISHERIES COMMISSION

Senator McClure. Pacific Marine Fisheries Commission, Mr. John Harville.

Mr. Harville. Mr. Chairman, I'm John Harville, executive director of the Pacific Marine Fisheries Commission, representing the Pacific States of California, Alaska, Idaho, Oregon, and Washington. My statement also speaks for the Atlantic and Gulf States Marine Fisheries Commissions, and therefore, for our 25 coastal States.

I have submitted for the record also statements from the Atlantic States Commission regarding the striped bass program and from the Oregon Department of Fish and Wildlife, who will not be testifying directly.

We urge that your subcommittee reestablish Federal support for the Anadromous Fish Conservation Act of 1965 as an integral component of the U.S. Fish and Wildlife Service budget. We believe the time is critical now to reaffirm a mandate for active Federal participation in this State/Federal cooperative program, which has contributed so effectively to our economic well-being over the years. We propose that this be carried forward at $3.5 million for 1983.

We understand that because we were late in submitting testimony last year, this item, unfortunately, was overlooked under the unusual circumstances and times which prevailed at that time.

Mr. Chairman, we do understand budget constraints, but we certainly cannot agree with the administration's position that this budget balancing process requires scuttling a cooperative State/Federal program which was mandated by the Congress to improve the quality of our anadromous fishery resources. We believe that dollars put into this program are investments in the future and will pay important dividends.

Recognizing your time constraints, I'll simply note that our statement emphasizes the Federal mandates for cooperative Federal/State activities. It also quotes from earlier statements for the Fish and Wildlife Service in 1979 in which they urge extension of the act, and they said

"It is a stable and beneficial Federal/State wildlife program, a proven program which provides benefits that greatly exceed the costs and preserves a resource that bestows a multitude of benefits on our society."

I don't think, Mr. Chairman, that much has changed since then in terms of the need.

We closed our formal statement by citing six reasons that we think this program deserves continuation.

First, it implements congressional intent that natural resources subject to multijurisdictional control shall be managed and in the national interest and particularly supports the work for fisheries monitoring, data collection and relevant research which is required for this. We can't manage a fishery without knowing what it's all about. And it's this program that helps us to do this with anadromous fish.

We emphasize that we have many heavy investments in the program that should be protected into the future.

We stress the role of this program in meeting our commitments cooperatively with Canada, because, as you know, anadromous fish range the length of the coast, and our agreements with Canada are essential for treaties which the Senate will be considering later on.

We stress the public values and the contribution of anadromous fisheries to the national economy.

Mr. Chairman, we emphasize that our principal objective is to assure continuity of this productive State/Federal partnership. We reject what appears to be the administration view that this partnership is expendable. Certainly, this joint State/Federal commitment is an essential component of our concerted efforts to enhance the renewable natural resources represented by our anadromous fish docks and their habitats, and thereby to insure long-term national social and economic benefits as dividends from this investment.

We think this is an investment of dollars in future returns, and we urge, respectfully, that the Fish and Wildlife Service be permitted to continue.

PREPARED STATEMENTS

We have appended to our formal statement materials and documentation for review by your staff, and we certainly are ready to provide any other information we can.

Senator McClure. Thank you very much. It is a serious question, and we will review the materials with a great deal of care. Thank you very, very much.

[The statements follow:]

JOINT STATEMENT OF JOHN P. HARVILLE, EXECUTIVE DIRECTOR, PACIFIC MARINE FISHERIES COMMISSION, IRWIN M. ALPERIN, EXECUTIVE DIRECTOR, ATLANTIC STATES MARINE FISHERIES COMMISSION, AND CHARLES H. LYLES, EXECUTIVE DIRECTOR, GULF STATES MARINE FISHERIES COMMISSION

Mr. Chairman, the three interstate marine fisheries Commissions representing 25 coastal States respectfully urge decisive action by your Subcommittee to re-establish Federal support for the Anadromous Fish Conservation Act of 1965 (P.L. 89-304 as amended) as an integral component of the U.S. Fish and Wildlife Service budget. We believe that the time now is critical for the Congress to reaffirm its mandate for active Federal participation in these State-Federal cooperative programs, which can contribute so significantly to this nation's economic well being. We propose an appropriation of $3.5 million for FY 1983.

It is our understanding that because we were late in submitting testimony for this program last year, this item was overlooked in FY 1982 budget planning under the unusual circumstances and time constraints which then prevailed.

We share with you and with other Congressional leaders an acute awareness of the economic crisis this nation faces, and we concur in the need to move aggressively toward effective budget control. However, we cannot agree with the Administration's position that this budget-balancing process requires scuttling a cooperative State-Federal program which was mandated by the Congress to improve our ability to conserve, develop, and use wisely our anadromous fishery resources. Dollars provided to this program on a cost-sharing basis by both State and Federal governments should be viewed as investments in future social and economic benefits, which therefore are budget items to be protected as provident uses of public funds for the public welfare.

The Congress of the United States repeatedly has emphasized the national interest in effective husbandry of our natural resource base, which from our earliest colonial beginning has provided the cornerstone for America's economic growth. Moreover, in full recognition of our Constitutionally established Federal-State political structure, the Congress specifically has addressed the need for a Federal/State action interface for conservation and wise management of regionally distributed natural resources. Landmark legislation of the 1970's, including the Coastal Zone Management Act, the Marine Mammals Protection and Endangered Species Acts, and the Magnuson Fisheries Conservation and Management Act, have established objectives and processes for these interactions, and supportive Federal appropriations have enabled us to put this regional machinery in place. The States have responded by allocating increasing shares of their own resources to these regional programs, and particularly have shaped their participation under programs such as the Anadromous Fish Conservation Act to contribute to the research needs and the data base required for wise management of regionally shared fishery resources.

The U.S. Fish and Wildlife Service has well expressed these Congressional mandates in its own definitions of agency role and of needed interface with its sister State agencies. A recent (1978) Fishery Resources Annual Report states in its Introduction:

> "The primary role of the Service is to foster the wise use of fish and wildlife resources while at the same time managing and conserving these resources in order to provide continuous benefits for future generations. As part of the Fish and Wildlife Service, the Fishery Resources Program, in cooperation with the States and other Federal agencies, is dedicated to the restoration, improvement, and maintenance of the quality, use, and abundance of the Nation's recreational and commercial fishery resources." (underline emphasis added)

In his 1979 testimony before the House Subcommittee on Fisheries and Wildlife and the Environment, Associate Director Galen Bauterbaugh underscored U.S. Fish and Wildlife Service concerns for the protection of the spawning grounds and migration routes for anadromous fishes, and specifically recognized the need for Federal participation with the States in relevant programs:

> "...The species of fish that benefit from the Anadromous Fish Conservation Act provide our Nation with a nutritional, recreational, and aesthetic resource... These species of fish are influenced to a greater degree than other fish by changes in the environment. Anadromous fish thrive only when conditions in the headwaters, downstream areas, and the oceans are suitable for the stages of the life cycle using those areas. Deleterious conditions in any one area may have harmful effects on entire populations...
>
> "The several States vested with management authority have made a sincere effort to discharge their obligation and, within their limited means, to conserve and enhance the anadromous fish resources within their

> respective boundaries. They need help. Not only do they need help with local problems, but there are many problems that reach beyond State boundaries. Your Committee recognized this in sponsoring legislation to establish and twice extend the authorization for the Anadromous Fish Conservation Act, thus providing a stable and beneficial Federal-State cooperative program." (underline emphasis added)

In that same 1979 testimony, Buterbaugh reviewed the previous 13 years of program actions and accomplishments under the Anadromous Fish Conservation Act. He noted that in those 13 years (1967-1979), the U.S. Fish and Wildlife Service disbursed some $34 million in cooperation with 29 States. On behalf of USFWS, he urged continuation of the Act as "a proven program that provides benefits that greatly exceed its costs, and preserves a resource that bestows a multitude of benefits on our society".

Buterbaugh illustrated those public benefits by citing an array of programs developed through U.S. Fish and Wildlife allocations under the Act. These included construction of five new anadromous fish hatcheries and renovation of ten others, resulting in an increase in production estimated at 39 million fish per year. He reported the clearing of over 850 miles of streams to restore spawning opportunities for anadromous fish through construction of fish ladders and removal of dams and other obstructions. He emphasized the importance to the east coast of restoration of Atlantic salmon and American shad runs, and the contributions made to salmon management on the west coast by assistance to the Indian Tribes for development of computerized salmon harvest assessment capabilities. He also cited the research which produced a vaccine to immunize juvenile salmon and trout against deadly saltwater vibrosis disease, and which developed a new technology for mass innoculation of fish.

In recent years, U.S. Fish and Wildlife Service priorities for Pacific Coast allocations of funds have effectively carried forward the purposes and programs reviewed by Buterbaugh in 1979. 1982 projects supported with carryover funds from 1981 included salmonid stock assessments in Oregon, development of a computerized catch record system for Columbia River Tribes, perfection of a new fish counting technique in Washington, and maintenance of regionally important fish disease investigations and nutritional studies in Oregon.

Loss of FY 1983 funds for U.S. Fish and Wildlife programs under this Act would force termination of these and other important ongoing programs, and would prevent any consideration of new projects which already have been accorded very high priority. For the Pacific States, these include two key projects to evaluate early life history survival problems of juvenile salmon during their transit through river estuaries and in first months of ocean living, also a highly important evaluation of the impact of hatchery-reared chinook salmon upon wild stocks. These projects have major implications for salmon propagation strategies and methods, and may provide techniques for reducing presently severe mortality rates and reduced returns from both hatchery and wild salmon stocks.

Perhaps even more important in the long run, failure to maintain a reasonable level of Federal funding for Anadromous Fish Conservation Act programs will be seen as a Federal repudiation of the basic rationale for cooperative Federal-State support of research, management, and enhancement of shared anadromous fish resources. Certainly it will force the scrapping of the operational mechanisms which have enabled our State and Federal agencies to work together so productively on problems and programs of regional importance.

Mr. Chairman, we believe this testimony demonstrates the proven past record and the potential for future values of the Anadromous Fish Conservation Act as a vehicle for carrying forward both the intent of Congress and the established mission of the U.S. Fish and Wildlife Service. We therefore find it truly incomprehensible that the Administration should today propose terminating Federal support under P.L. 89-304. We have to believe that the full consequences of abandoning cooperative State-Federal conservation and management of salmon, striped bass, and other valuable anadromous fisheries have not been adequately assessed. Closing out these productive programs would cast aside mechanisms of proven value for carrying out the intent of Congress for cooperative multi-jurisdictional management of regionally distributed natural resources (per provisions of the Wildlife Coordination Act, the Magnuson Fishery Conservation and Management Act, the Coastal Zone Management Act, etc.). Moreover, loss of these programs would force the sacrifice of major past investments in on-going research and data collection, and would effectively foreclose future options for supporting regional and national fisheries conservation and management goals. We therefore respectfully urge that this Committee take steps to prevent these unacceptable losses of Federal-State cooperative programs by inclusion of a reasonable level of funding ($3.5 million) for Anadromous Fish Conservation Act programs in the FY 1983 budget of the U.S. Fish and Wildlife Service.

We believe six compelling arguments can be summarized for continued Federal participation with the States in jointly funded programs for anadromous fish monitoring, research, and management under provisions of the Anadromous Fish Conservation Act:

- implementation of Congressional intent that natural resources subject to multijurisdictional control be managed cooperatively and in the national interest, and therefore;
- support for fishery monitoring, data collection, and relevant research required under anadromous fishery management plans of the Regional Fishery Management Councils and State/Federal Management Boards;
- assurance of returns from existing heavy investments in the stock assessments and other biological studies required for improved productivity and management of anadromous fisheries, and for equitable allocation of harvest benefits;
- satisfaction of international commitments with Canada for fisheries data exchange as a fundamental basis for upcoming treaty agreements;
- public values and demonstrated cost-effectiveness of these cooperative State-Federal programs; and
- contributions by anadromous fisheries to the national economy.

In a supplement prepared for review by your staff, we have amplified each of these six basic arguments for restoration of reasonable Federal funding to the U.S. Fish and Wildlife Service budget for Anadromous Fish Conservation Act programs.

We emphasize that our principal objective is to assure continuity of this productive State-Federal partnership. We reject what appears to be the Administration view that this partnership is expendible. We believe that the $3.5 million we are proposing for Federal support during this period of severe budgetary constraints will underscore the will of Congress that there be a continuing Federal commitment to work constructively with the States for the conservation and wise use of shared natural resources. Certainly that joint Federal-State commitment is an essential component of our concerted efforts to enhance the renewable natural resource base represented by our anadromous fish stocks and their habitats, and thereby to ensure long-term national, social, and economic benefits as dividends from this investment of public funds.

Please call upon us or upon any of our member States if we can provide further information or documentation helpful to your deliberations.

Supplemental information for Appropriations Subcommittee on Interior: USFWS Appropriation under Anadromous Fish Conservation Act (P.L. 89-304)

1. *Federal funding for programs under the Anadromous Fish Conservation Act (P.L. 89-304) is required to carry out the Congressional intent that natural resources subject to multijurisdictional control be managed cooperatively and in the national interest.*

Legislation in the 1970's has emphasized repeatedly the Congressional intent that in the national interest, regionally important natural resources should be conserved and managed cooperatively by Federal and State jurisdictions responsible for them. This approach, and its emphasis on potential contributions to the national economy, is perhaps best expressed in the landmark extension of fisheries jurisdiction to 200 miles - Magnuson Fishery Conservation and Management Act (MFCMA).

National Standard 3 of MFCMA specifies that "to the extent practicable, an individual stock of fish shall be managed as a unit throughout its range, and interrelated stocks of fish shall be managed as a unit or in close coordination." The Act then specifies that regional fishery management plans be developed for each significant fishery by Congressionally mandated Regional Fishery Management Councils. These Councils are comprised of State and Federal fishery agency Directors and private sector members appointed by the Secretary of Commerce.

Implementation of fishery management plans for any fishery distributed across multiple jurisdictions (e.g., Federally controlled waters beyond 3 miles, and the Territorial Seas controlled by individual States inside the 3-mile limit) requires coordinated and cooperative fishery monitoring, data collection, ongoing research, and enforcement by all concerned agencies--Federal and State.

The Findings, Purpose, and Policy under which MFCMA (cf. Attachment 1) was established emphasize [Sec. 2 (a) (1)] the values of marine and anadromous fisheries as "valuable and renewable natural resources" upon which commercial and recreational fishing depends. Finding 3 notes that this fishing "constitutes a major source of employment and contributes significantly to the economy of the Nation." Finding 6 expressly specifies an action program to maximize national benefits from these resources and their use, as follows: "A national program for the conservation and management of the fishery resources of the United States is necessary to prevent overfishing, to rebuild overfished stocks, to insure conservation, and to realize the full potential of the Nation's fishery resources".

Finding 7 notes the importance of full development of the Nation's fishery resources "to assure that our citizens benefit from the employment, food supply, and revenue which could be generated thereby".

U.S. Fish and Wildlife Service policy and priorities for programs established jointly with the States for support under the Anadromous Fish Conservation Act continue to be strongly supportive of the intent of Congress as manifested in the landmark legislation of the 1970's. To illustrate, the most recent Program Management Document (PMD) prepared for policy guidance of its Fishery Resources Program states the mission of the Fish and Wildlife Service to:

> "Provide the Federal leadership to conserve, protect, and enhance fish and wildlife and their habitats for the continuing benefit to people."

Out of 78 "Important Resource Problems" evaluated by the U.S. Fish and Wildlife Service, highest overall priority was assigned to promotion of conservation and management of Columbia Basin steelhead trout and salmon stocks. Relevant general objectives indentified in the 1980 PMD include participation in interagency fishery management plans for Pacific salmon and steelhead trout, development of supportive fishery information systems, improving techniques for fish propagation effectiveness, assessing effects of various harvest management strategies on the stability of fishery resources, and improving the information base concerning causes, treatments, and prevention of specific fish diseases and parasites. Several objectives specifically depend upon tangible interagency cooperation, specifying that, in cooperation with the States, NMFS, and BIA, the Service will seek to increase spawning runs of Pacific salmonids to levels consistent with habitat productivities and hatchery broodstock needs; also an objective setting a 1985 target of a 10% reduction in mortality rates of juvenile salmonids in Pacific States freshwater and estuarine habitats.

The 1980 Program Management Document clearly recognizes the importance of constructive Federal-State cooperative action in order to carry out Service objectives as follows:

> "The primary role of the Service's Fishery Resources Program is to promote the conservation and management of fish resources... A principle concern must be to enhance the health, diversity, and abundance of fish and their habitat. This role can be accomplished by coordinating programs and projects and providing technical assistance to the States and other agencies in those areas where the Service has no direct jurisdiction...
>
> "States have the authority and, in most cases, the capability for managing those resources within their jurisdiction. To accomplish these tasks, these agencies have many skilled managers. The Service's program strategy is to assist these managers in conserving and managing the use of the resources by acquiring new knowledge through research, developing new or existing knowledge into useful methodology, and supplementing management efforts where needed to promote the long-term well-being of the resource."

U.S. Fish and Wildlife Service allocations of Anadromous Fish Conservation Act funds have been consistent with objectives established in that Program Management Document. Attachment 2, taken from a recent (1978) Annual Report, summarizes goals and program emphasis areas (p. 2-1 to 2-2), indicates distribution of funds by State over an eleven-year period (p. 2-3), and provides brief descriptions of sample projects funded that year (p. 2-3 to 2-6). These included salmon stock contribution studies along the Alaskan panhandle; four State planning and research projects for the

Connecticutt River Basin (Connecticutt, Massachusetts, New Hampshire, and Vermont), and a similar array of projects for the Delaware River Basin; anadromous fish hatchery and other fish production support in more than a dozen States, and a similar array of research programs including salmon stock assessments in Southeastern Alaska; evaluations of a river restoration program in Maine; and life history, growth, and migration studies in North Carolina.

The U.S. Fish and Wildlife Service and the National Marine Fisheries Service of NOAA share Federal responsibilities for anadromous fish species and habitats, including management of programs under the Anadromous Fish Conservation Act, and therefore cooperative interaction with the States. In general, USFWS directs principle attention to the inland waters and habitats of anadromous species; therefore to needs and problems of propagation, habitat protection and rehabilitation. NMFS emphasis is more heavily upon the ocean phase of anadromous fisheries, including ocean harvest management under the Regional Fishery Management Councils beyond three miles, and by the several sovereign States in territorial and inland waters.

This dual Federal responsibility has worked exceedingly well. For a number of important projects, NMFS and USFWS share funding. Regional Coordinators for the two agencies work closely together in setting priorities for projects on the Pacific Coast, and an Anadromous Fish Coordinating Committee has been established and has functioned very well for the same purposes at the national level. We commend the Directors of USFWS and NMFS for establishing these sensible and productive working relationships, which certainly are consistent with the rationale for interagency cooperation which is the foundation for the Anadromous Fish Conservation Act.

The five member States of Alaska, California, Idaho, Oregon, and Washington which comprise the Pacific Marine Fisheries Commission in 1981 unanimously endorsed a Resolution emphasizing the importance of continued Federal participation in the Federal-State partnership for conservation and wise use of shared fishery resources. That Resolution notes that recent Federal Acts such as MFCMA, the Endangered Species Act and the Marine Mammal Protection Act have established national standards which demand extensive biological, social, and economic data as basis for management decisions. Much of the research and monitoring burden for fulfilling those requirements necessarily falls upon the coastal States. While the States are strongly committed to the objectives and programs required under these Fedreal mandates, they too face severe budgetary constraints. Therefore PMFC's 1981 Resolution 7 calls upon Federal agencies "to establish long-term, base budget funding to support Federally mandated fishery management programs", and urges the Congress to "provide the Federal share of financial support to carry out these programs in cooperation with the States". (cf. Attachment 2 for full text of 1981 Resolution 7).

2. *Programs under the Anadromous Fish Conservation Act (P.L. 89-304) offer the best available vehicle for continued Federal-State cost-sharing for support of the fishery monitoring, data collection, and relevant research required under anadromous Fishery Management Plans of the Regional Fishery Management Councils and State/Federal Management Boards.*

As was noted in the previous section, major added burdens have been placed upon Anadromous Fish Conservation Act programs by enactment in 1976 of the (Magnuson) Fisheries Conservation and Management Act (MFCMA). National Standards established by that Act require that to the extent possible, fisheries be managed as a unit throughout their geographic range; also that conservation and management be based upon the best scientific information available.

Pacific salmon conservation and management problems well illustrate the need for sustained and concerted action by all our management agencies to develop the information base necessary for critical annual decisions and actions. To illustrate, salmon management plans developed by the Pacific and North Pacific Fishery Management Councils require accurate assessment of impacts of ocean harvests on the mix of salmon stocks of wide-ranging geopgraphic origin. Without these and other assessments, salmon resources from California to Alaska can be adversely affected by management decisions which fail to offer maximum protection to depleted and endangered stocks, under the drive to permit optimum utilization of stronger stocks.

Decisions by both the Pacific and the North Pacific Councils in 1981 have hinged upon interpretation of data from recent coded-wire tag studies. Federal court decisions have upheld U.S. obligations under century-old Indian treaties to provide treaty tribes of the Columbia River and northern Washington the opportunity to harvest their fair share of salmon and steelhead ascending the rivers to "usual and accustomed" tribal fishing grounds. Therefore State-Federal management of ocean and river fisheries must permit escapement to those rivers of amounts of fish prescribed by these court decisions.

To assure river escapements at levels which will meet both treaty Indian harvest and fish spawning escapement goals, the migrating routes of relevant fish stocks must be known and oceanic harvests controlled. As example, recent tagging studies indicate that a large proportion of chinook salmon harvested by the ocean troll fishery off Southeastern Alaska and British Columbia are of upper Columbia River origin; also that those upper Columbia River stocks are in seriously depleted condition. These tagging studies also indicate that Southeastern Alaska and British Columbia troll fisheries take nearly two-thirds of the total ocean harvest of these depleted stocks. These facts, plus the significantly depressed state of Alaskan chinook stocks as demonstrated by Alaska's coded-wire tagging studies, provided the basis for a decision by the North Pacific Council (March 27, 1981) to reduce the allowable harvest of the Southeastern Alaska troll fishery by 15% for the 1981 fishing season. This action was accompanied by the mandate to negotiate for similar reductions by British Columbia fishermen, and a demand for significant improvements in the statistical base for future decision-making through augmented studies of stocks and analysis of data.

Decisions of the Pacific Fishery Management Council also have depended heavily on data from coded-wire tagging experiments for critical decisions. In 1978, after days of debate in which coded-wire tag recoveries were a critical element, the Pacific Council moved its boundary between north and south salmon management areas from Tillamook Head, close to the Columbia River mouth, southward to Cape Falcon. While this shift involved only a few miles of coast-line distance, tag recovery data indicated that more restrictive harvests north of that line could provide added significant protection to depressed Columbia River stocks, while at the same time somewhat more liberal regulations south of the line could permit fuller utilization of stronger south coastal stocks. These differential management regimes therefore were instituted to increase escapement to the Columbia River and to northern Washington streams and thereby help to meet both Indian treaty obligations and the harvest needs of non-Indian river fisheries.

In 1981, similar determinations became necessary regarding boundaries to protect depressed Klamath River (Northern California) runs. Again chiefly on the basis of coded-wire tag data, management division lines were considered to reduce ocean harvest pressures on these depressed stocks. Initial tentative management decisions by the Council in early March 1981 were found to be too generous in levels of ocean harvests to assure adequate escapements to the Klamath and Sacramento Rivers. By subsequent action on March 26, 1981, the Pacific Council significantly reduced ocean harvests by changing seasons and management boundaries and assigning harvest quotas. These were taken to increase chinook salmon escapements to the Klamath River as a means to better meet Indian harvest requirements, non-Indian fishing opportunities, and necessary spawning escapements.

While a major share of Anadromous Fish Conservation Act program emphasis is upon coded-wire tagging and stock assessments, P.L. 89-304 also assists other projects for improved management and productivity of salmon which further support Regional Council management goals. As examples, California and Oregon presently carry out major upriver stock and habitat studies designed to increase the overall productivity of presently depressed stocks of major salmon rivers such as the Klamath in California. Also under P.L. 89-304, Federal fisheries agencies, the Oregon Fish and Wildlife Department, and Oregon State University cooperatively support critically important researches into causes and prevention of viral diseases of salmonid fishes. P.L. 89-304 funding also supports a treaty Indian catch record system which enables Columbia River Tribes to provide compatible catch data to the regional data network required for proper management and allocation of salmon harvest. Still another project supports State and Federal cooperation with the University of Washington for development of an acoustical fish-counter which can more economically and accurately enumerate upstream migration of mature salmon and steelhead. Without continued Federal participation with the States in financial support for these and other relevant projects, all are in jeopardy, and the gains already achieved may be partially sacrificed.

The five Pacific States comprising the Pacific Marine Fisheries Commission (PMFC) in 1980 unanimously approved a Resolution calling for "assured funding and coordination for anadromous fish programs" in support of those National Standards and the fisheries management plans of the Regional Fisheries Management Councils. That Resolution emphasizes the current crisis condition of Pacific coast salmon and steelhead stocks, the importance of on-going stock assessment programs and data collection and analysis required for decision-making, and the problems facing those programs under current funding uncertainties. The Resolution therefore calls for Congressional and Executive Branch initiatives to "provide the necessary financial support for this coordinated effort by designation of the required funds for that purpose in the budgets of the National Marine Fisheries Service and the U.S. Fish and Wildlife Service." (cf., Attachment 4 for full text of 1980 Reolution 3)

3. *Continued State-Federal cooperative programs under the Anadromous Fish Conservation Act are essential to assure returns from existing heavy investments in the stock assessments and other biological studies which are required for improved productivity and management of anadromous fisheries, and for equitable allocation of harvest benefits.*

Some 20 State, Federal, and Indian tribal agencies presently participate in a massive Pacific area-wide program to determine contributions to ocean and river fisheries of various stocks of salmon and steelhead. This information provides the basis for allocation of harvest rights among competing users, maintenance of interception balances between U.S. and Canadian nationals, improvements in productivity of hatchery stocks, and many other functional tasks essential to effective fisheries management.

For those purposes, coded micro-wire tags are implanted in the snouts of juvenile fish prior to their seaward migration from hatcheries or natural spawning areas. More than 20 million fish per year have received these tags in recent years. Because salmon feed in the ocean from one to five years before returning to their spawning grounds, the oceans today swarm with many millions of maturing salmon and steelhead which carry in their snouts a multi-million dollar Federal, State, and private sector investment in these micro-tags and in the encoded data they can transmit concerning stream and date of origin, and other biological and ecological characteristics vital to future management of stocks and equitable allocation of harvest benefits.

Incredibly, it appears that this existing massive investment now may be squandered for lack of continued Federal participation in the costs of recovering these tagged fish and decoding the vital information carried in their micro-tags. In recent years the Anadromous Fish Conservation Act (P.L. 89-304) has provided the principal mechanism for State-Federal sharing (generally at a 50-50 ratio) of the costs of coded-wire tag recovery and data exchange on a Pacific Coast-wide basis. Because of curtailment of other sources for Federal sharing in this program (e.g., loss of Pacific Northwest Regional Commission and Northwest and Alaska Fishery Center (NMFS) support for early program development stages), continued P.L. 89-304 funding has become crucial to maintaining this Pacific regional program.

It will indeed be disastrous if for lack of relatively modest Federal participation in this cooperative program ($0.8 million at the projected funding level), long-term State and Federal investments over past years in this coastwide stock assessment program are jeopardized, and our agencies are forced to forgo both the knowledge of stock distribution required for future planning, and the only credible tool available today for equitable allocation of harvest privileges among competing user-groups. The ultimate losers will be the commercial and recreational fishermen and general public which harvest the benefits from these investments.

These losses of coded-wire tagging data constitute only a part of the total cost of curtailing Federal participation in cooperative State-Federal anadromous fisheries projects. Much of the investment already made in other on-going projects will be sacrificed if those programs must be aborted before reaching their objectives. On the Pacific coast these include major investments to improve the fish husbandry practices which must supply a large proportion of the Pacific salmon and steelhead now being harvested by both commercial and recreational users. Other programs of long-term potential significance presently are underway to combat serious viral and bacterial diseases through development of vaccines and other controls. Still other projects address nutritional problems through development and improvement of practical rations for fish feeding. A wide array of physiological and genetic studies are evaluating optimum environmental conditions for a variety of different fish stocks as basis for more efficient and fruitful fish production. Most of these studies require coded-wire tagging assessments of impacts, and all depend upon maintenance of staff and program continuity.

4. *Continued Federal-State cooperative monitoring, data collection, and related researches on anadromous fisheries are essential to satisfy developing international commitments with Canada for fisheries data exchange as a fundamental basis for upcoming treaty agreements.*

The oceanic migrations of most anadromous fish species carry them far from their natal streams and therefore through the waters of many management jurisdictions. Pacific coast salmon have particularly extensive migration routes, ranging through the waters of California, Oregon, Washington, British Columbia, and Alaska. In all jurisdictions, these wide-ranging fishes are vulnerable to fishermen. Clearly that multi-jurisdictional ocean harvest must be regulated by mutual agreement to assure equitable distribution of benefits among all users and all jurisdictions.

Clearly too, the coded-wire tagging studies which provide the principal basis for these allocations must be a cooperative effort among all users--the States, Canadian Territories, and Indian tribes controlling the freshwater spawning grounds, and the Federal governments of the United States and Canada which control the offshore waters of the Pacific and have responsibility for international treaties and other agreements. Within the United States, these data are particularly critical to decisions relating to Indian harvest allocations in accordance with long-standing treaty obligations.

Happily for the welfare of the resource and for our efforts to manage these fisheries intelligently, all jurisdictions--State, Federal, and Indian; U.S. and Canadian--presently cooperate effectively in tagging and recovery of salmon and steelhead, and voluntarily comply with an agreed-upon system for assigning tag codes and for exchanging and publishing the data derived from tagging experiments. Long-standing U.S.-Canadian informal agreements target upon a 20% sampling of the salmon catch for coded-wire tag recovery and data interpretation purposes.

United States and Canadian negotiators have been meeting for many years in an effort to achieve a formal agreement for joint management of shared anadromous fisheries resources--an agreement which will assure an equitable balance of interceptions by fisherman of each nation of salmon and steelhead spawned in the rivers of the other nation. These negotiators now are on the threshold of such an agreement, which should reach the United States Senate later this year for ratification as a formal treaty. Cornerstone of that treaty will be an augmented program of coordinated research designed to improve productivity and guide cooperative management of these valuable salmon resources. Our on-going coded-wire tagging programs are the foundation for those studies.

It will indeed be a travesty if we now abort those programs through failure to appreciate their importance; if we thereby fail to carry our share of the effort to recover the enormous U.S. and Canadian investment already made in the millions of fish now carrying coded-wire tags; and if we thus sacrifice irretrievably the data base necessary for implementation of the treaty now in final stages of preparation. Because of these international implications, maintenance of this cooperative program is primarily a Federal responsiblity. While the States, the Indian tribes, and the private sector can be expected to share significantly in these costs, reasonable Federal support must continue to be provided. We urge that the Congress take steps now to assure continuation of that shared State-Federal support for a program so clearly in the general public interest.

5. *Anadromous Fish Conservation Act programs have demonstrated their cost-effectiveness and public values over the years since inauguration of this program in 1965.*

Cooperative State-Federal programs and projects supported under the Anadromous Fish Conservation Act has a proven track-record of productive research, management, and enhancement of anadromous fishery resources. Federal appropriations since enactment in 1967 total more than $60 million, and have generated an approximate equivalent in State matching funds. Based on U.S. Fish and Wildlife Service testimony in 1974, that $60 million federal investment appears to have generated between $360-$480 million in public benefits--a 6-8 to 1 benefit-cost ratio.

A 1979 update of that USFWS testimony summarized program values as follows[1]: "...I am pleased to say that this has been a successful program in relation to its cost. Recreational fishing for anadromous fish has been increased by an estimated 8 million angler-days annually. The economic value of this is estimated conservatively at $72 million per year. Commercial fisheries landings have been increased by an estimated $5 million annually... The program (also) has stimulated cooperation between States in solving their anadromous fish problems...".

Commercial and recreational users of the Pacific and Atlantic coasts long have placed very high values on anadromous species such as salmon, steelhead, and striped bass. These species are assuming ever-increasing importance to citizens of the Great Lakes and Gulf coasts. The growth of Gulf coast striped bass fisheries illustrates the long-term contribution of P.L. 89-304 to that region. In the early 1960's, the striped bass resource in Mississippi was nearly non-existent. Habitat degradation and pollution in coastal streams and estuaries in which the fish spawn and rear during part of their life cycle were so severe that local striped bass populations were no longer self-sustaining.

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[1] Galen Buterbaugh testimony, February 28, 1979, before the Fisheries and Wildlife Conservation and Environment Subcommittee of the House Merchant Marine and Fisheries Committee

Congressional appropriations under P.L. 89-304, plus matching funds provided by the State, have permitted Mississippi to begin programs of stream clearance and pollution abatement, research, artificial culture, and stocking. These programs have been on-going since 1967, and have provided a put-and-take fishery for striped bass in all major estuaries of the Mississippi Gulf coast. At current stocking rates it is believed that re-establishment of a self-sustaining population of striped bass can be achieved in this area. Before this program of rehabilitation began, catching a striped bass in Mississippi coastal streams was a rare and newsworthy event. Today the striper is once again highly sought across the Mississippi Gulf Coast--certainly a far-reaching public benefit from funds provided by P.L. 89-304.

For the year 1979, nine projects in five States addressed striped bass restoration and production projects (Alabama, Louisiana, Mississippi, New York, and Tennesee). The importance of these efforts is underscored by initiatives in 1979-1980 to develop special additional funding for Atlantic States striped bass investigations (the Chafee Amendment).

Anadromous fisheries resources of the Atlantic coast contribute major economic benefits to both commercial and recreational fisheries sectors. These fisheries include striped bass, American shad and three related species of river herrings, Atlantic salmon, coho salmon introduced from the West Coast, and two species of sturgeon. All of these species are heavily impacted by the activities of man, through fisheries practices, by gross pollution of their natal streams, and by environmental and physical barriers such as dams, which impede or exclude their ability to return from the sea to upriver spawning areas. Because anadromous fishes traverse the fisheries jurisdictions of the Federal government and numerous States, they have been among the first species to benefit from joint State-Federal and interstate arrangements for their protection, conservation, enhancement and management. Some of these programs go back at least 50 years. Since its enactment in 1956, joint State-Federal funding under the Anadromous Fish Conservation Act has been the cornerstone of numerous programs to accelerate and enhance these cooperative State-Federal endeavors.

In recent history striped bass always have ranked among the ten highest Atlantic coast species in both volume and value in the commercial fisheries. Recreational landings, which have been reported to be three to eight times larger than the reported commercial catch, have ranked among the top three species in the North Carolina to Maine area in both weight and numbers.

Most recently the striped bass population of the East Coast has suffered a catastrophic decline. This popular species provided high levels of commercial and recreational landings from the 1950's to the mid-1970's, but may now be at an all-time low throughout migratory range, from North Carolina to Maine. Commercial landings which averaged 9.5 million pounds between 1958 and 1976 fell to 4.5 million pounds in 1978 and have continued to decline ever since. This striped bass decline appears to be related to failure of striped bass to spawn successfully, produce large numbers of juveniles, and recruit them to the fisheries. In a valiant effort to develop a management plan to rejuvenate the striped bass fishery throughout its range, twelve States, the National Marine Fisheries Service and the Atlantic States Marine Fisheries Commission have committed their joint efforts, manpower and funds to a long-range cooperative program.

Since most spawning areas are interstate (e.g., Chesapeake Bay and the Hudson River shared by New York and New Jersey) and since oceanic migrations are coastwide, this multijurisdictional approach is absolutely essential. Initial work has centered upon investigations into the root causes of this disastrous population decline.

Recent Congressional approval of special emergency striped bass funding under the Anadromous Fish Conservation Act, has provided significant added impetus to this cooperative effort. However, only sustained funding to implement this plan and to monitor its results will guarantee the greatest possible net economic and social benefits from the harvest and utilization of striped bass over time. The key element must continue to be the matching funds under P.L. 89-304 which can generate an effective multijurisdictional approach. Without this kind of assistance, the program will disintegrate, and in all probability so will the resource.

Numerous smaller cooperative anadromous fish programs on the Atlantic coast are equally vulnerable to termination of denied support under the Anadromous Fish Conservation Act program. Examples include the multi-State-Federal program for restoration and enhancement of Connecticut River fisheries for Atlantic salmon, American shad, and river herring; a similar program on the Merrimack River shared by Massachusetts and New Hampshire with input from both States, the National Marine Fisheries Service and the Fish and Wildlife Service; another for shad and striped bass in the Delaware River Basin involving Delaware, New Jersey, New York, and Pennsylvania and the Fish and Wildlife Service; a joint program for the management of anadromous fish resources for shad, river herring, sturgeon and striped bass between South Carolina and Georgia; and a joint study by Virginia and North Carolina for management of mid-Atlantic anadromous fisheries under extended jurisdiction. These and related efforts are dependent at least in part on funds appropriated under the Anadromous Fish Conservation Act, and it is impossible to conceive of their continuance without this assistance.

These resources are subject to conservation and management by both Federal and State authorities, and their harvest confers benefits upon the citizens of the entire region. Responsibility for protection and wise use of these resources accordingly rests with all concerned jurisdictions. This argues strongly for continuation of a program designed to assure effective State-Federal cooperation and sharing of manpower, physical resources, and funding support--the Anadromous Fish Conservation Act program (P.L. 89-304).

We respectfully request Congressional leadership to assure the continuity of these vital programs. We fully appreciate the gravity of the national economic emergency, and are prepared to accept a share of the sacrifices necessary to restore economic stability. However, we must emphasize that Federal support for the Anadromous Fish Conservation Act has remained at relatively low levels since the early 1970's. (cf., Attachment 5 for a review of authorizations and appropriations 1967-1982). As recent examples, combined appropriations for both NMFS (Commerce) and USFWS (Interior) were $4.33 million in 1971, increasing to $5.71 million in 1980. Unfortunately this 32% increase over nine years was undercut by a cumulative 50% drop in dollar value as result of inflation. Thus the 1980 appropriation of $5.71 million actually purchased goods and services at only a $2.8 million level in 1971 dollars--a 35% decrease in real purchasing power below the 1971 level.

These inflation-caused losses in program support cabability were further exacerbated in FY 1981 by a $1 million reduction in the appropriation for USFWS programs under P.L. 89-304. Under the continuing bite of inflation, the combined FY 1981 appropriation for NMFS and USFWS ($4.7 million) has a purchasing power in 1971 dollars of only about $2 million--less than 50% of the real program support provided in 1971. While the $3.5 million we have proposed for 1983 would not restore program support to 1979-80 levels, it would provide a Federal commitment of funds that, matched by State dollars, would enable us to hold the line on our essential cooperative programs.

6. *Anadromous fishery resources, for which the Anadromous Fish Conservation Act provides essential conservation and management services, make important contributions to the U.S. national economy.*

Annual total values of specific anadromous fisheries are difficult to estimate at best and not readily available, even though public interest and commitment to maintaining those fisheries demonstrates a perception that they are great. Fortunately, development of a Fishery Management Plan for Pacific salmon does provide some illustrative values as follows:

- Recent (1980) preliminary estimates of annual ex-vessel value of commercially-caught salmon in S.E. Alaska and the three Pacific Coast States is $174.5 million. Using a multiplier range of 2 to 4 to account for value-added at the retail level, the commercial salmon catch can be valued between $349 and $698 million to the U.S. economy.

- The estimated net economic value of recreational salmon and steelhead fishing in Washington and Oregon marine and freshwater areas is $73.7 million. Recreational salmon values for California, Idaho, and S.E. Alaska are unavailable but would add considerably to this estimate.

- In addition to these direct economic benefits, salmon fishing generates significant secondary economic acitivity. Regional economic benefits from anadromous fish production in the Columbia River alone are estimated at $102 million annually.

Attachment 1

Public Law 94-265
94th Congress, H. R. 200
April 13, 1976

An Act

To provide for the conservation and management of the fisheries, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act, with the following table of contents, may be cited as the "Fishery Conservation and Management Act of 1976".

SEC. 2. FINDINGS, PURPOSES AND POLICY

(a) FINDINGS.—The Congress finds and declares the following: 16 USC 1801.

(1) The fish off the coasts of the United States, the highly migratory species of the high seas, the species which dwell on or in the Continental Shelf appertaining to the United States, and the anadromous species which spawn in United States rivers or estuaries, constitute valuable and renewable natural resources. These fishery resources contribute to the food supply, economy, and health of the Nation and provide recreational opportunities.

(2) As a consequence of increased fishing pressure and because of the inadequacy of fishery conservation and management practices and controls (A) certain stocks of such fish have been overfished to the point where their survival is threatened, and (B) other such stocks have been so substantially reduced in number that they could become similarly threatened.

(3) Commercial and recreational fishing constitutes a major source of employment and contributes significantly to the economy of the Nation. Many coastal areas are dependent upon fishing and related activities, and their economies have been badly damaged by the overfishing of fishery resources at an ever-increasing rate over the past decade. The activities of massive foreign fishing fleets in waters adjacent to such coastal areas have contributed to such damage, interfered with domestic fishing efforts, and caused destruction of the fishing gear of United States fishermen.

(4) International fishery agreements have not been effective in preventing or terminating the overfishing of these valuable fishery resources. There is danger that irreversible effects from overfishing will take place before an effective international agreement on fishery management jurisdiction can be negotiated, signed, ratified, and implemented.

(5) Fishery resources are finite but renewable. If placed under sound management before overfishing has caused irreversible effects, the fisheries can be conserved and maintained so as to provide optimum yields on a continuing basis.

(6) A national program for the conservation and management of the fishery resources of the United States is necessary to prevent overfishing, to rebuild overfished stocks, to insure conservation, and to realize the full potential of the Nation's fishery resources.

(7) A national program for the development of fisheries which are underutilized or not utilized by United States fishermen, including bottom fish off Alaska, is necessary to assure that our citizens benefit from the employment, food supply, and revenue which could be generated thereby.

(Clerk's Note.—Attachment 2 is being retained in the subcommittee files.)

Attachment 3

PACIFIC MARINE FISHERIES COMMISSION RESOLUTION NO. 7

FEDERAL RESPONSIBILITY TO FUND FEDERALLY MANDATED PROGRAMS

WHEREAS, recent Federal Acts such as the Endangered Species Act, Marine Mammal Protection Act and the Magnuson Fishery Conservation and Management Act have established exacting standards for resource management; and

WHEREAS, these standards include requirements for extensive biological, social, and economic data upon which management decisions are based; and

WHEREAS, the states of Alaska, Washington, Oregon, Idaho, and California are providing most of the research and monitoring efforts to provide these data; and

WHEREAS, state fiscal problems coupled with pending reductions in federal grant-in-aid will decrease funds available to the states to support these programs; and

WHEREAS, the Departments of Commerce and Interior have not provided long-term base funding for the support of these programs; and

WHEREAS, the Pacific Marine Fisheries Commission unanimously approved Resolution No. 3 in 1980 calling for USFWS and NMFS to support coastwide anadromous fish tagging and recovery programs citing the needs for management under the MFCMA;

THEREFORE BE IT RESOLVED, that the U.S. Departments of Commerce and Interior be obligated to establish long-term, base budget funding to support Federally mandated fishery management programs, including but not necessarily limited to: Commercial Fisheries Research and Development Act, Anadromous Fisheries Conservation Act, Endangered Species Act, Marine Mammal Protection Act and Magnuson Fishery Conservation and Management Act; and

BE IT FURTHER RESOLVED, that the United States Congress be obligated to provide the federal share of financial support to carry out these programs in cooperation with the States.

Adopted at Portland, Oregon November 10, 1981
by unanimous approval of the five compact States:
Alaska, California, Idaho, Oregon, and Washington

Attachment 4

PACIFIC MARINE FISHERIES COMMISSION RESOLUTION NO. 3

NEED FOR ASSURED FUNDING AND COORDINATION FOR ANADROMOUS FISH PROGRAMS

WHEREAS, Pacific Coast anadromous fishery resources are facing crisis conditions of reduced production and increasing pressures from competing harvesters; and

WHEREAS, effective production, enhancement, and harvest management depend ultimately upon the quality and timeliness of stock assessments and other scientific information; and

WHEREAS, this information base depends for much of its data upon anadromous fish tagging programs in fresh water, and the recovery of tagged fish in the ocean and inland waters of all the Pacific Marine Fisheries Commission member States; and

WHEREAS, information obtained through these required, on-going programs are included in salmon management plans and amendments thereto developed by the Regional Fishery Management Councils as specified in the Fishery Conservation and Management Act of 1976, in addition to their use in computer models being developed for inland (e.g., Columbia River) salmon management; and

WHEREAS, despite significant commitments of State and Federal funds over the years, these programs have been hampered by the ad hoc and short-term nature of that funding support; and consequently, by a lack of effective long-term planning and coordination; and

WHEREAS, these salmon and steelhead tag and recovery programs must be sustained over a period of years.to produce credible stock assessment information, and further must be effectively coordinated and executed by all Pacific Coast fishery agencies, State and Federal; and

WHEREAS, the United States Congress is considering large expenditures to enhance the salmon fisheries of the Northwest; and

WHEREAS, evaluation of such an investment is necessary; and

WHEREAS, the coordination and continuity of these studies can be achieved only when sustained funding and administrative support are assured;

NOW THEREFORE BE IT RESOLVED, that the Pacific Marine Fisheries Commission affirms its commitment to National Standard 2 of the Fishery Conservation and Management Act of 1976, which requires that fishery conservation and management be based upon the best scientific information available. Further, that the Commission strongly endorses the highest priority accorded to coastwide fishery data collection and coordination by the directors of Pacific Coast fishery agencies, the Pacific and North Pacific Fishery Management Councils, and the National Marine Fisheries Service at the State/Federal Planning Conference in Alexandria, Virginia in January, 1980; and

THEREFORE BE IT FURTHER RESOLVED, that the Pacific Marine Fisheries Commission urgently requests the U.S. Departments of Commerce and Interior, in concert with the Pacific States, to establish long-term, base budget funding to support and augment an effectively coordinated coastwide program of anadromous fish tagging and tag recovery; and

BE IT FURTHER RESOLVED, that the United States Congress be requested to provide the necessary financial support for this coordinated effort by designation of the required funds for that purpose in the budgets for the National Marine Fisheries Service and the U.S. Fish and Wildlife Service.

ATTACHMENT 5

ANADROMOUS FISH CONSERVATION ACT OF 1965

(P.L. 89-304)

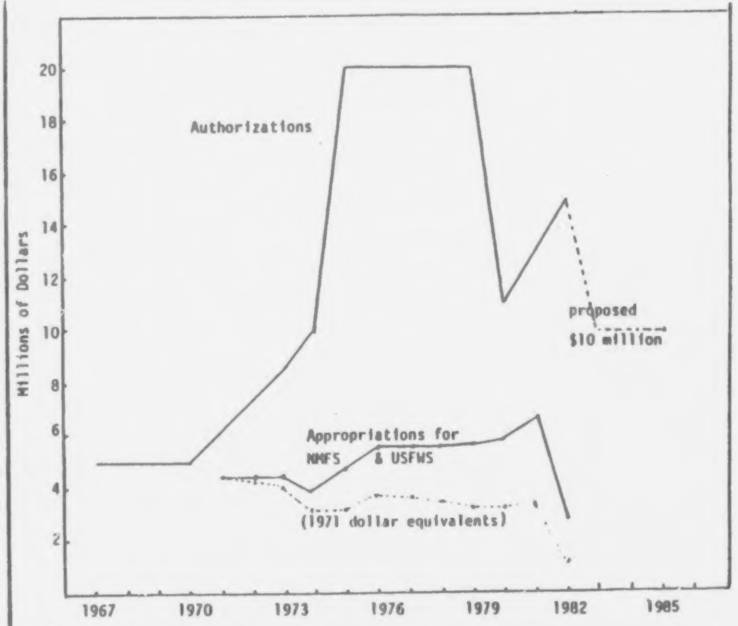
REVIEW OF AUTHORIZATIONS AND APPROPRIATIONS ($ MILLIONS)

CONGRESSIONAL AUTHORIZATIONS		CONGRESSIONAL APPROPRIATIONS		
FISCAL YEAR(S)	AUTHORIZED	NOAA/NMFS	BSFW/FWS	TOTAL
1967-1970	5.0	1.0-2.1	1.2-2.4	2.2-4.5
1971	6.0	2.0	2.33	4.33
1972	7.5	2.0	2.33	4.33
1973	8.5	2.0	2.33	4.33
1974	10.0	2.0	1.83	3.83
1975	20.0	2.0	2.63	4.63
1976-1978	20.0	2.0	3.51	5.51
1979	20.0	2.0	3.61	5.61
1980	11.0	2.0	3.71	5.71
1981	13.5	4.0	2.71	6.71
1982	15.5	3.0	-0-	3.0

SUMMARY: Congressional authorizations have fluctuated annually between $5.0 million and $20 million during fiscal years 1967-1982. The most recent authorization in 1979 set levels of $11 million, $13 million, and $15 million for fiscal years 1980 through 1982.

Despite continued Congressional recognition of program value and need, appropriations under the Act have not kept pace, decreasing from 72% of the authorized amount in 1971 to 28% in 1979, and only 20% in 1982. This problem has been exacerbated by progressive deterioration of dollar purchasing power due to inflation over this same time period (1982 dollars have only some 40% of the purchasing power of 1971 dollars).

AUTHORIZATIONS AND APPROPRIATIONS
for the
ANADROMOUS FISH CONSERVATION ACT (P.L. 89-304)



NOTES: Authorizations and Appropriations 1967-1982 represent actual amounts approved for both National Marine Fisheries Service and U.S. Fish and Wildlife Service expenditures under the Act. The broken line 1983-1985 is the proposed authorization level. The boken line below Appropriations indicates approximate purchasing power of those appropriations in 1971 dollars, as a result of inflation impact.

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[1] Appropriations for general Anadromous Fish Conservation Act purposes--special striped bass (Chafee amendment) funds not included.

STATEMENT OF THE OREGON DEPARTMENT OF FISH AND WILDLIFE

The Oregon Department of Fish and Wildlife is deeply concerned about the impacts that will result to Northwest fisheries from reduced funding of the Lower Snake River Compensation Plan (LSRCP) and the Anadromous Fish Act (P.L. 89.304) as proposed in the FY83 budget for the U.S. Fish and Wildlife Service.

First, the failure to adequately fund Operation and Maintenance (O&M) of the LSRCP hatchery production is a direct breach in the agreement between the federal government and the states to compensate for the extensive salmon and steelhead losses that have occurred as a result of federal construction of four dams on the Lower Snake River.

The impacts from the four federal dams that were constructed between 1961 and 1975 include economic loss (estimated at $35,000,000 annually in 1977) and social conflicts between Indian treaty and nontreaty fishermen that are dependent upon these valuable stocks of fish. The rate of decline in some stocks is at such a critical point that delay in funding for the O&M of already constructed hatchery facilities may cause a stock to decline beyond the recovery point.

In 1976, Congress recognized the critical status of the Snake River fish runs, and authorized the LSRCP in the Water Resources Development Act of 1976 (90 Stat. 2917). The Act provides for annual production of 9,160,000 fall chinook, 6,750,000 spring and summer chinook, and 11,020,000 steelhead smolts. Construction of the new hatchery facilities is being conducted by the Army Corps of Engineers and is on schedule. Operation and Maintenance funds for the hatchery fish production is provided to the states of Oregon, Washington, and Idaho through the budget of the Fish and Wildlife Service. The responsibility for compensation is not a state one, but under the law is wholly a federal obligation to restore those fish losses that have occurred from construction of federal water projects.

The Administration, as in FY82, has proposed less funds for O&M than are required to meet the fish production goals established by the LSRCP. The U.S. Fish and Wildlife Service FY83 budget for the LSRCP hatcheries proposes $1,087,000 for O&M which is the same level of funding authorized by Congress in FY82 after it increased the Administration's proposal by $679,000. Level funding for FY83 is contrary to the legal commitment of the government to provide compensation for fish losses occurring from the development of federal water projects. The LSRCP fish production levels are at the initial stage for FY83 with one federal and three state hatcheries operating under LSRCP. Under the planned construction schedule, an additional four state hatcheries will come on line in FY84, one in FY85, and one in FY86. Substantial increases in O&M funds will be required in the next several years as these new facilities are completed. Considering the millions of dollars being spent to build these facilities, it makes little sense not to realize their full benefits by not providing adequate operating funds.

The specific federal funding requirements for full hatchery production in FY83 are unavailable at this time. Each state is in the process of developing its O&M budgets for FY83. The budget information will be sent to the subcommittee in early April with a specific dollar add-on request that is needed to fully utilize the existing hatchery facilities and meet the production levels contained in the LSRCP. We do know for Oregon that FY83 budget will be at least double the $155,000 O&M that we received in FY82 as the new Lookingglass Hatchery, which begins operating this spring, will be in operation for its first full year.

Another funding issue critical to the State of Oregon is the Anadromous Fish Act (P.L. 89.304. No monies were allocated in the Interior budget for FY82 and none are proposed for FY83 to conduct important salmon and steelhead management programs. The Oregon Department of Fish and Wildlife recommends that $2 million be added to the U.S. Fish and Wildlife Service's budget for FY83. Two or three hundred thousand dollars of these funds would be allocated to Oregon to provide:

1. Technical services for hatcheries such as diet studies, disease control, survival studies, and stock assessment to determine contribution to the fisheries.

2. Salmon research and development including the preparation of data for coho and chinook management plans which become part of the Pacific Fisheries Management Council's Salmon Program, information for using hatchery fish to supplement wild runs, and numerous other short-term research studies that provide a better information base for management decisions.

3. Ocean sàlmon management programs which provide information for managing the critically important ocean sport and commercial fisheries. These programs include processing of catch data for in-season adjustments in fish catch and analysis of coded wire tag data to determine harvest rates and area of catch.

All of these federal anadromous Fish Act funds have augmented state expenditures, which total into the millions of dollars, to provide better management capability for more precisely establishing harvest levels in the ocean which minimize either overharvest or underutilization of the fisheries. Those large state expenditures attest to the importance of proper management of this valuable resource. Anadromous Fish Act dollars, although small, have significantly contributed to the cooperative state-federal sharing of joint management responsibilities in the past and are badly needed now.

In summary, we respectfully request that this subcommittee allocate additional funds in the Interior budget for FY83 that will provide for full fish production in the Snake River hatcheries and will continue critical research and management programs that are vitally needed to sustain the region's valuable salmon and steelhead fisheries and which provide national economic benefits.

Statement of Irwin M. Alperin

Mr. Chairman, I am Irwin M. Alperin, Executive Director of the Atlantic States Marine Fisheries Commission. Our Commission's members comprise the 15 Atlantic Coast states, Maine to Florida, including Pennsylvania for its anadromous fish resource. In our just-completed joint statement of the 3 interstate marine fisheries commissions, I joined Dr. Harville on behalf of our member-States in strong support for continuation of appropriations for Grant-in-Aid to States through the U.S. Fish and Wildlife Service under the Anadromous Fish Conservation Act. However, I must respectfully request a further indulgence of your time to refer to a portion of P.L. 89-304, Section 7, which was enacted by the Congress in 1979 to provide grant-in-aid funding assistance of sole or particular interest to the Atlantic Coast states of our Commission. This Section of the Act, referred to as the Emergency Striped Bass Program or Study, was designed to provide information and insight about the continuing very serious decline in the migratory populations of striped bass (or rockfish, as it is known in Chesapeake Bay), one of our most important commercial and recreational fisheries resources, a great national asset, the most important anadromous fish species on the Atlantic Seaboard and a species that has historically favored us with its abundance, fine table fare, sporting proclivities par excellence, large size at maturity, and great popularity since earliest colonial days. The striped bass is one of America's most highly esteemed game and food fish, and we want to do everything possible to save it from economic extinction and biological endangerment. From a management perspective we must immediately achieve the prime objective of reducing the variation in annual abundance available for harvest. This is not a simple task. We are recommending an appropriation for $1 million in the budget of the US Fish and Wildlife Service for continuation of this program.

When the Anadromous Fish Conservation Act was amended in 1979 (P.L. 96-118), a new section 7 was inserted that directs the Secretaries of the Departments of Interior and Commerce to conduct a series of studies to monitor the status of striped bass populations and to determine the factors responsible for the sharp decline in the numbers of Atlantic Coast striped bass. These studies were to be independent of but coordinated with other state and federal activities related to the management of striped bass, i.e., the State/Federal Fisheries Management Program. This Emergency Study was not designed to develop management plans - rather it was an investigation to enhance knowledge of the resource and the factors that are of consequence in its present much-decreased state. These studies just got underway in late 1980, after the development of an Action Plan as required by the law, and I regret to have to report that in the interim since, while these emergency studies have been underway, there has been no improvement in the available stock of striped bass - they have, in fact, had the worse spawning success and recruitment to the fishery in 1979, 1980 and 1981, in the modern history of fishery management.

Although 4.75 million dollars were authorized for the 3-year Section 7 studies - studies which may be characterized in three general categories: 1) the size and distribution of the population of striped bass including annual spawning, 2) the factors responsible for the decline in the number of fish available for use (what causes mortality at various stages of the striped bass life cycle, what are the effects of pollution and various pollutants on the viability of eggs and larval fish in the fragile estuarine environment that they freqeunt), and 3) the economic importance of the commercial and recreational fisheries - only $1.0 million was appropriated for FY 1980 to the U.S. Fish and Wildlife Service, about $1.5 million in FY 1981 jointly to FWS and NMFS, and a sharp reduction in accord with Administration fiscal policy to $375 thousand for the National Marine Fisheries Service in FY 1982. No funds are appropriated to the U.S. Fish and Wildlife Service just when the program is beginning to show us results.

Although the Annual Report for 1981 is not yet available, it will show that an impressive array of investigations have been conducted, and we are gaining insight in to what is happening on spawning grounds, what the contaminant levels are, what natural factors and contaminants may determine the survival of eggs, larval and young-of-the-year fish, potential starvation factors, and other biological information of this nature. Additionally, 7 State fishery agencies under contract with funds provided by this program and state matching funds are carrying out a variety of stock assessment studies in mid-Atlantic areas from North Carolina to southern New England.

Since striped bass are essentially a species of the territorial sea and internal waters of the several states, management jurisdiction is the responsibility of these States. Through the initiative of the National Marine Fisheries Service, a State/Federal Fisheries Management Program (SFFMP) was begun in 1972 to coordinate interstate management of high value species. Under the auspices of the SFFMP, a Striped Bass Management Workshop was conducted in September 1977, well attended by state, federal and private sector interests, which recommended the formation of a state/federal cooperative project for the development and implementation of a regional striped bass management program. Twelve states within this anadromous fish's migratory path and the federal fishery agency worked assiduously to produce a management plan that could be accepted throughout this wide geographic and political boundaries area between North Carolina and Maine, and under the aegis of the Atlantic States Marine Fisheries Commission this "Interstate Fisheries Management Plan for the Striped Bass" was unanimously adopted by the

State commissioners of the ASMFC at our 40th anniversary meeting this past October. Since the Commission does not have regulatory authority, this plan has been directed to the attention of state governors and state legislatures for implementation. I am pleased to report that it has been well accepted by the Governors, the Commission has been praised for the undertaking, and encouraged to continue the program while a number of States have already adopted the Plan's recommendations.

But, like any management plan, this one for striped bass cannot be static - it is flexible and must be reviewed and amended annually. We want to incorporate the findings of the Emergency Striped Bass Study into the management plan as they become available. We have to adjust the regulatory provisions over a vast area - almost simultaneously - a herculean task! The 7 state assessment projects must continue for several years if we are to know what stock we are managing, what spawning success and recruitment have added to the fishery.

Mr. Chairman, we are recommending to the oversight committees in both Houses the extention of authorization for Section 7 of the Anadromous Fish Conservation Act for 3 additional years. We respectfully urge you to consider a Fiscal Year 1983 appropriation for $1.0 million to the US Fish and Wildlife Service for the conduct of its responsibilities as defined in the Act and the "Action Plan" of the Emergency Striped Bass Study, while at the same time we will recommend similar funding to the National Marine Fisheries Service for its part in this essential program. We believe that through these continued efforts of the federal fisheries agencies and with the close cooperation of the affected state fisheries agencies and the Atlantic States Marine Fisheries Commission, we will resolve the mystery of the decline of striped bass on the Atlantic Coast and return this magnificent species to its former abundance to the benefit of all user groups and in the national economic interest.

STATEMENT OF FATHER WILLIAM L. GEORGE, S.J., SPECIAL ASSISTANT TO THE PRESIDENT OF GEORGETOWN UNIVERSITY

Father GEORGE. Mr. Chairman, members of the committee, I'm Father William George, special assistant to the president of Georgetown University.

I'd like to give a brief summary of the report on our fluidized bed boiler and make a specific request to the committee for the completion of the cogeneration phase of $1,800,000. The national demonstration boiler is doing well, and we thank the committee for its consistent support in developing it. We burned it about 9,000 hours this year since it's been running, and we've actually cranked it up over the 100,000 pound limit to make sure it sustained and didn't blow up. Not being an engineer, I was very happy about that.

One of the problems our engineers tell us that we had from the beginning was the design of the baghouse. You're not supposed to have any problems with baghouses, but we found out that we did. It normally has to be taken down in order to change bags, and the new models are designed so that you can change the bags without taking the boiler all the way down. We're planning to modify it, so that we can do the same thing without tearing the whole boiler down. It's not terribly complicated and we have most of the funding necessary to do that. We do, however, need anything from $50,000 to $100,000 to complete that.

The turbine and storage necessary for cogeneration is really essential for the success of the project to improve the life cycle costs and the definitive cost effectiveness of burning the coal. Presently we're negotiating with the Department to permit us to begin the cogeneration phase and commit to designing and fabricating the generator.

The last people I talked to personally were from the Department of Energy. Presently, I've talked to the Commerce people on the telephone. We're working with our local power company and the concept of disbursed cogeneration. And we received a grant from the Hartford Foundation to devise an optimum business kind of relationship for dispersed cogeneration between local communities and universities or private institutions and the power companies.

I hope to present that to the committee once we have some site-specific items cleared up.

We had a visit from the Canadian Parliament, and they were impressed. I guess they were thinking about sulfur, and they were rather impressed about the cleaniness of the boiler and the efficiency of it and submitted a recommendation to their Parliament. I've attached the letter of transmittal and the brief report.

EPA is testing it right now to make sure that the FBB's emissions are within EPA requirements, and we're confident that we're going to come out better than we really need to.

And finally, as usual, I want to thank the committee for taking care of all the migratory birds that fly to the eastern shore in the wintertime. Even though most of them stayed in Pennsylvania this year, Father Collins and I did supply the committee with one goose feather.

PREPARED STATEMENT

On behalf of our president, Father Healy, I thank you for the opportunity to testify.

Senator McClure. Thank you, Father. You're luckier than I. I didn't even get out. I appreciate your testimony. I've been particularly interested in looking at the operating efficiencies of this as it gets into being. We've talked about it in theory, and we've watched some development, but we appreciate to see one in practice.

Father George. Thank you, Mr. Chairman.

[The statement follows:]

Statement of Father William L. George, S. J.

Mr. Chairman, I am Father William L. George, S. J., special assistant to the president of Georgetown University.

The national demonstration fluidized bed in the Nation's Capital at Georgetown University is functioning very well. I wish to thank the committee for its support in developing this national exemplar. I will give a brief report and make a specific request of your committee to complete the FBB for the cogeneration phase of the demonstration (estimate $1.8 million) in fiscal year 1983. This boiler is the base of the university's integrated community energy system, a unique national exemplar.

Through February 22, 1982, the university has accumulated 8,670 operating hours on the FBB. This last run which began January 20, 1982 and is still in progress has been most encouraging. The unit has carried the full campus load and has sustained the highest average output (71,000 lbs. per hour) since the beginning.

A problem which has plagued us from the beginning is the baghouse with its high pressure drop which in turn limits load. Before the start of this last run we changed all bags and put in a newer type. This change permitted us to operate full capacity. Yet, when there is a bag problem we have to turn off the boiler entirely to correct. We intend to modify the baghouse (during March–July 1982 period) and rectify the problem once and for all. We have most of the funding to cover the modification, needing approximately $100,000 to complete it. As a result of our project's experience, new designs have the capability of changing bags without having to take down the boiler.

The Department of energy and the university built this boiler to handle cogeneration at a greater pressure (100,000 lbs./hr./625 psi). The boiler requires this pressure to run at optimum efficiency and cogenerate the electricity it uses in fluidization. The turbine and storage necessary for cogeneration is essential for the success of this project and to prove the life cycle cost and definitive cost effectiveness of coal. After cogeneration the system has still the 100,000 lbs. of steam left for heating and cooling purposes. Presently we are negotiating a contract with the Department.

This FBB is intended to stimulate the adoption of this method of high sulfur coal combustion by industry, thus decreasing industrial dependency on scarce and imported fuels. Industry's adoption of this method of burning coal depends on the demonstrated value of cogeneration when joined to the FBB boiler. The turbines and ash storage necessary to complete this phase of the demonstration are critically needed. I would ask the committee to provide $1.8 million to this end.

A system of strategic dispersed cogenerators within a particular community could be a tremendous aid in protecting emergency services and a benefit to local power companies. We have discussed this concept with our local power company, PEPCO, which sees a potential benefit by keeping their capital costs down as a result of community systems' and dispersed cogeneration. It is important from this point of view that cogenerators be demonstrated in the practical order. The reliability and management of the program should result in benefits for both PEPCO and the Georgetown community. Such a demonstration will develop measurable data to be used in designing a broader economic energy strategy. Concurrently the university is now developing, with the electric company, a model business plan with resolution of legal and regulatory issues.

In order for the negotiations with the Department to be timely, your committee's support is necessary. This program has the potential to demonstrate: 1, commercial viability and benefits of FBB with cogeneration; 2, life cycle cost proof and cost effectiveness of the system; and 3, a strategy of community systems to benefit both local communities and power companies through joint savings.

In association with our local power company and industry, Georgetown University is developing a strategy that would bring present research bottoming cycles into mass production. The Hartford Foundation has granted us an award of $60,000 to devise the optimum business plan for dispersed cogeneration for local communities referred above. We would request that the committee consider matching funds once site specifications are completed. This project would assist the delivery system of the power companies and be a model for over 1,000 colleges and universities. Once the pay back capabilities are identified, the private market and non-Federal resources of universities will take over the funding.

This year members of the Canadian Parliament toured the boiler plant and were deeply impressed by the eminently clean air coming out of the stack. They gave a favorable report to their Parliament, recommending the use of coal fired FBB's.

Since late January, the EPA has been testing the FBB's emissions. They are scheduled to complete this week. Results of the testing, which I believe will be very favorable, will be published later this year. NIOSH (National Institute of Occupational Safety and Health) also conducted tests in early February. Lovelace Toxicology Inhalation Lab conducted 2 weeks of testing in February.

STEAM GENERATOR DESIGN PARAMETERS

Steam flow, 100,000 lbs./hr., 625 psig saturated; coal flow, 4.782 tons/hr at full load; limestone flow, 1.52 tons/hr at full load; and coal specifications, bituminious, 12,750 Btu/lb., 3.3 percent sulfur.

We thank the committee for its interest and wisdom in the preservation and regulation of migratory water fowl. Father Collins and I appreciated using more efficient lead shot this year on Maryland's eastern shore.

On behalf of our president, Rev. Timothy S. Healy, S.J., we thank you for the opportunity to appear before this committee.

STATEMENT OF DAVID O. WEBB, GAS RESEARCH INSTITUTE

Senator McCLURE. Gas Research Institute, David O. Webb.

Mr. WEBB. Mr. Chairman, I'm David O. Webb, vice president of the Gas Research Institute, an independent, not-for-profit, scientific research organization created by the gas industry in 1976 to plan, finance, and manage an expanded and fully coordinated gas-related research and development program for the mutual benefit of the gas industry and its ratepayers. This program is annually reviewed and approved by the Federal Energy Regulatory Commission.

I'm pleased to have the opportunity to appear here today to discuss my views on the Department of Energy's fiscal year 1983 budget request and the continuing need for Federal support of long-term high-risk research on supplemental sources of gas and more-efficient enduse.

Let me say right at the outset, the new emphasis on letting the market govern the development and introduction of new energy sources and technologies is basically sound. The related philosophy of having industry fund the near-term R. & D. and the final technology demonstrations prior to commercialization is also the correct approach, since only industry can effectively introduce new products, processes, and techniques into the marketplace. Thus, while the shift in emphasis outlined in the national energy policy program is correct, it is such an abrupt change from past Federal energy R. & D. policy that it will require an orderly transition, if critical near-term R. & D. projects are to continue under industrial sponsorship, while long-term research continues under Federal sponsorship.

Therefore, the proposed DOE budget which essentially eliminates all fossil energy and gas-related research in 1983, even long-term high-risk research, is a reversal of the Government's stated policy of continuing to fund this research, and is all, I think, extremely shortsighted and not in the national interest.

The gas industry responded well to the change in the Government R. & D. policy. GRI has shifted its focus in line with the new Federal budget realities and will propose to its board of directors to increase its 1983 contract R. & D. budget for funding of near-term research by approximately $29 million out of a total increase of $33 million over its 1983 budget; however, this proposed increase in GRI funding will be sufficient to fill only the most serious gaps in near-term gas-related research projects previously cofunded with the Department of Energy.

I think to get some perspective on the need for continuing Federal roles in long-term research, you need to understand the linkage of the development of strong, long-term gas technology with national energy policy. The gas technology base necessary to develop cost-competitive long-term sources of gas and more-efficient process and end-use equipment to compete with alternative energy sources in the industrial and powerplant market is not established and in place. There are many reasons for this, but I think it's best summarized by the Department of Energy's Energy Research Advisory Board and their Federal energy R. & D. priorities report to the Department. In this report they state some of the markets in which energy is sold are not free. Oil and gas are the exceptions. A little over half of our primary energy finds its way to consumers from the electric and gas utilities. The utilities are regulated, price-controlled industries selling their products not in the free market but at controlled prices well below replacement costs. The consequences on the consumers of gas and electricity have less of an incentive to serve and, therefore, to undertake research and conservation.

Both these regulated industries have weak incentives to spend on R. & D. If successful, the benefits go to the ratepayer. If unsuccessful, the expenditures may be disallowed as imprudent.

That pretty well summarizes, if you will, the response capability of the regulated gas industry.

Without adequate continued Federal funding for the long-term R. & D. needed to establish this gas technology base, the most-probable result, in the short term, is a large amount of fuel switching, from gas and imported oil, in the industrial markets.

The gas industry, to cope with the immediate problem of rising prices in response to Federal policy, has focused its R. & D. budget increases on near-term technology developments. They cannot simultaneously fund the near-term needs and also pick up the long-term research necessary to develop supplemental supplies that the Nation will need in increasing quantities over the next few years.

The Department of Energy's most recent projections indicate supplemental supplies of 4.6 trillion cubic feet of gas to be required in the year 2000 just to meet the needs. This supplemental source will only be available through improvement in technology, and the technology development must involve the Federal Government in the long-tern research.

The growth of the gas industry's program, and specifically in near-term R. & D., I think has been impressive. The funding for GRI has risen from the level of $26.6 million in 1978 to over $83 million in 1982.

Part of our program has been a deliberate strategy to stretch the ratepayers' funding by cofunding and cooperative funding projects with the Department of Energy and other Government agencies. In 1981 the total combined funding was $162.5 million.

In summary, Mr. Chairman, it's especially important for the Government to maintain a strong long-term gas-related R. & D. program, while GRI and the gas industry take the lead in the near term. I've recommended continuing long-term gas support of approximately $100 million, as detailed in the chart on the last page.

It should be noted that the following recommendation, totaling approximately $100 million, is less than the level of funding appropriated by Congress in 1982, it's only one-third of the level of fiscal year 1981 funding, it's consistent with the fiscal year 1983 fossil energy budget projections contained in last year's Reconciliation Act, and I think it is consistent with the necessity of reduced Federal expenditures but continued critical long-term research that has a national benefit.

Thank you very much.

Senator McClure. Thank you. There would be those who would remark that we will probably decontrol the price of natural gas, tax the difference, and then we can support the program that you've asked for.

Mr. Webb. Yes, sir, except those benefits flow to producers, not the regulated industries.

PREPARED STATEMENT

Senator McClure. I understand that. The regulated industries only have the opportunity to pass the costs on. We will include your statement in the record.

Mr. Webb. Yes, sir.

[The statement follows:]

STATEMENT OF DAVID O. WEBB

I am David Webb, Vice President of Gas Research Institute (GRI), an independent, not-for-profit scientific research organization created by the gas industry in 1976 to plan, finance, and manage an expanded and fully coordinated gas-related research and development (R&D) program for the mutual benefit of the gas industry and its ratepayers. This program is annually reviewed and approved by the Federal Energy Regulatory Commission (FERC).

I am pleased to appear before you today to discuss my views on the Department of Energy's (DOE) FY 1983 Budget Request and the continuing need for federal support of long-term, high-risk research on supplemental sources of gas and more efficient end use. Let me state right at the outset that the new emphasis on letting the market govern the development and introduction of new energy sources and technologies is basically sound. The related philosophy of having industry fund the near-term R&D and final technology demonstration prior to commercialization is also the correct approach since only industry can effectively introduce new products, processes, and operating techniques into the market. Thus while the shift in emphasis outlined in the National Energy Policy Plan is correct, it is such an abrupt change from past federal energy R&D policy that it will require an orderly transition if critical near-term R&D projects are to continue under industry sponsorship. Therefore, the proposed DOE budget which essentially eliminates all fossil energy and gas-related research in FY 1983, even long-term, high-risk research, is a reversal of the government's stated policy of continuing to fund long-term research that industry will not fund due to market incentives, but it also would be extremely shortsighted and not in the national interest.

The gas industry has responded well to this change in government R&D policy. GRI has promptly shifted its focus in line with the new federal budget realities and will propose to its Board of Directors to increase its 1983 contract R&D budget for funding of near-term research by approximately $29 million out of a total increase of $33 million over its 1982 contract R&D budget ($84 million to $117 million). However, this proposed increase in GRI funding will be sufficient to fill only the most serious gaps in near-term gas-related research projects previously cofunded with DOE.

To help determine the proper federal role and assist in assessing the importance of continued federal sponsorship of long-term gas-related research, it is important to understand the fundamental linkage of the development of a strong gas technology base to national energy policy. One of the most important national energy policy issues centers on the future role of natural gas in the industrial and power plant markets. Natural gas currently supplies more than one-third of the energy used by the industrial sector--the energy equivalent of over 4 million barrels of oil per day. In addition, it provides 15 percent of the primary energy used for central power generation, equivalent to nearly 2 million barrels per day of oil. This market position is largely the result of price regulation which has made gas--the premium fuel--cheaper than less desirable fuel sources. Retention of this market has remained overly dependent on price and the key factor to consider is the shrinking cost advantage of natural gas relative to competitive energy sources. The current deregulation path under the Natural Gas Policy Act (NGPA) or any other accelerated gas deregulation proposal assures that gas prices will increase at a faster rate than the prices of competing fuel sources. The best answer to rising gas prices is a strong technology response with industry assuming responsibility for the near-term R&D and DOE continuing the long-term, high-risk research. Without such a coordinated approach, the potential for major gas market losses to oil imports is great.

Barriers to Development of an Adequate Technology Base in the Regulated Gas Industry

The gas technology base necessary to develop cost-competitive supplemental sources of gas and more energy-efficient processes and end-use equipment required to compete with alternative energy sources in the industrial market is not established and in place. Although the gas industry is increasing its funding of near-term R&D to offset part of the DOE reductions, compared to its major competition--the petroleum and electric industries--the gas industry has limited resources and capabilities to respond rapidly to this challenge.

The net result is the current inadequate gas technology base and the limited capacity rapidly expand funding of R&D as presented below.

TECHNOLOGY BASE DEVELOPMENT CAPABILITY

	Petroleum	Electric	Natural Gas
Vertical Integration	Yes	Yes	No
Impact of Supply Deregulation	Very Positive	Possible Threat	Very Negative
Technical Capability	Very Strong	Strong	Limited
Internal R&D Funding Capability	Excellent- Large Corporate Units, High Returns, Large Tax Credits	Limited by Regulation	Severely Limited by Multilayered Regulation
Manufacturer Support	Very Large- Transportation (with DOE), Chemicals, Most End Uses	Very Large- Most Supply & All End Uses (G.E., Westinghouse, etc.)	Limited
Federal RD&D Support	Very Little	Very Large- DOE, TVA	Very Little
Federal Commercialization Support	Limited - SFC	Very Large- Nuclear	Some - SFC, DOE (Coal Gases)

DOE's Energy Research Advisory Board (ERAB) put these factors in proper perspective in its report Federal Energy R&D Priorities dated November 1981.

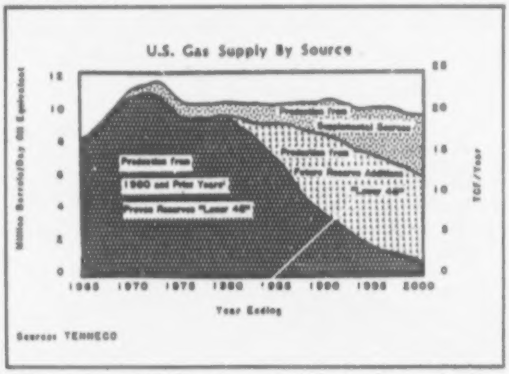
> ERAB is concerned that some energy R&D of great potential significance for the achievement of the Nation's energy goals will fall between federal and industry responsibilities.
>
> The new policy recognizes that private industry cannot be expected to do basic energy research or projects of long-term, higher risk character. But there are other circumstances in which it would be unrealistic to expect timely and effective assumption by industry of R&D responsibilities abdicated by the government, however worthy the projects involved, and despite the provision of new generous tax incentives. Some of these circumstances are discussed below.
>
> Some of the markets in which energy is sold are not "free." Oil and coal are the exceptions. A little over half our primary energy finds its way to consumers through the electric and gas utilities, and the utilities are regulated, price-controlled industries, selling their products not at free market prices, but at controlled prices well below replacement cost.* The consequences are that consumers of gas and electricity have less of an incentive to conserve (and, therefore, to undertake research on conservation). . .
>
> Both these regulated industries have weak incentives to spend on R&D. If successful, the benefits go to ratepayers; if unsuccessful, the expenditure may be disallowed as "imprudent."* In the case of electricity (but not gas), a substantial amount of R&D has been undertaken by large research-oriented equipment suppliers.... A strong R&D response to price signals requires both motivation and capability. In many cases the capability is simply lacking, and while it can be developed in given time, the time required to build a strong research organization is measured in years.

*Emphasis added.

The Problems of Assurance of Long-Range Supplies

Without adequate funding for the R&D needed to establish this gas technology base, especially in the areas of least-cost options for supplemental supplies and efficient end use, the most probable result of increasing gas prices is increased oil imports due to fuel switching in these markets. Similar problems exist in the high-priority residential and commercial markets. However, many of these problems are of such an urgent, near-term nature--such as the need for rapid introduction of high-efficiency gas space conditioning equipment capable of shielding ratepayers at least in part from rising energy costs--that GRI and the gas and manufacturing industries must assume full responsibility without waiting for possible resumption of federal R&D support.

To cope with this immediate problem, the gas industry must focus its R&D program on near-term technology developments. GRI cannot afford to simultaneously fund this major near-term R&D program and the long-range research that is necessary to allow the production of the supplemental supplies that the Nation will need in increasing quantities over the next few decades. As presented in the following chart and based on DOE's most recent projections, supplemental supplies of 4.6 Tcf plus nearly 3 Tcf of Alaskan gas and imports will be quired in 2000 to meet demand.


U.S. Gas Supply By Source

Source: TENNECO

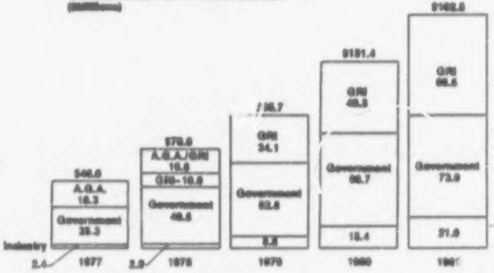
These sources will become available at competitive prices only through major improvements in technology. Therefore, establishing the technology base necessary to ensure the orderly development of these abundant or renewable sources of gas is a national priority and requires a federal role.

Importance of GRI/DOE Cofunded Gas-Related R&D

The gas industry recognized the need for increased funding of its technology base and established the Gas Research Institute. The FERC approved the initial GRI R&D program and five-year plan in March 1978. With the federal emphasis primarily on long-term supply programs, the gas industry, through GRI, concentrated its funding increasingly on the nearer term options to offset the impact of rapidly increasing gas prices as much as possible.

The growth of the GRI contract R&D program has been impressive, rising from a level of $26.6 million in 1978 to $83.7 million in 1982 while total budgets grew from $27.7 million to $100 million. From its inception in response to FERC guidance and encouragement by DOE, GRI has relied on extensive federal and industrial cofunding to carry out its research programs. GRI adopted a deliberate strategy to stretch the ratepayer's limited funds by cofunding or cooperatively funding projects of common interest with DOE and other government agencies. GRI was highly successful in attaining cosponsorship of gas-related research. This effort resulted in a combined government and industry coordinated funding level of $94 million in 1981. When combined with GRI funding for contract R&D, this funding amounted to a national gas R&D program of $162.5 million in 1981. This was supplemented by approximately $40 million of research funding by individual gas companies to address issues unique to their service area.

GRI COORDINATED FUNDING HISTORY
($Millions)



Note: State cofunding shown in "Industry" category.

Revised Federal R&D Policy

As I mentioned earlier, the Administration's policy of increasing reliance on the private sector to fund near-term research in conjunction with continued federal funding of long-term, high-risk R&D is fundamentally sound. However, the severe and sudden impact on GRI and on gas-related institutional research in general is readily apparent in the change in the size and distribution of the DOE gas-related RD&D budget. The FY 1982 appropriation for gas-related RD&D was $180.8 million less than in FY 1981 and the total federal gas-related R&D budget is now slated to decline to only about $20 million in FY 1983 as shown in the following chart.

DOE GAS-RELATED BUDGET
($ Millions)

	FY 1981 Appropriation	FY 1982 Appropriation	FY 1983 Budget Request
Fossil Energy			
Advanced Research and Technology Development	$ 14.5	$ 12.5	$ 4.2
Enhanced Gas Recovery	30.6	8.7	0.0
On-Site Fuel Cells R&D	9.5	5.6	0.0
Surface Coal Gasification	164.9	53.1	10.5
Underground Coal Gasification	10.0	8.3	0.7
Geopressured Methane	35.8	17.3	2.4
Energy Conservation	22.0	10.5	0.0
Biomass	12.5	3.0	2.0
Total	$299.8	$119.0	$19.8

GRI Response to Revised Federal R&D Policy

In response to this policy, GRI and the gas industry, with the active encouragement of DOE and the FERC, revised their funding priorities to bring their programs in line with national policy. Through GRI the gas industry significantly increased its 1982 funding for near-term R&D and will propose another major increase in near-term R&D to the FERC for 1983.Out of a proposed GRI contract R&D budget increase of approximately $33 million ($84 million increasing to $117 million), $29 million is for near-term projects in such areas as unconventional natural gas, regional and land-based biomass, on-site fuel cells, improved gas appliances, gas heat pumps and more efficient industrial utilization as defined in the following chart. These increases will partially offset the loss of DOE cofunding and coordinated funding for near-term research but will severely strain the already limited ability of GRI to fund long-term gas research.

PROPOSED GRI NEAR-TERM R&D BUDGET INCREASES
($ Millions)

	Approved Budget 1982	Proposed Budget 1983
Unconventional Natural Gas	$10.61	$18.11
Regional and Land-Based Biomass	2.90	5.30
On-Site Fuel Cells	11.35	19.55
Gas Appliances	3.98	6.65
Gas Heat Pumps	7.00	11.30
Industrial Utilization	7.95	11.75
	$43.79	$72.66
	(Increase of $28.87)	

Options for Federal Support of Long-Term Gas Research

The proposed increase in GRI 1983 funding will only be sufficient to fill the gap in near-term gas-related research left due to the severe reductions in federal spending. Therefore, it is essential that the federal government maintain an adequate long-term research program to support the gas industry's technology base. There are important high-risk, long-term, high payoff areas of gas-related research that continue to require government sponsorship. This research meets the Administration's policy guidelines.

One of the most promising long-term technologies meeting the Administration's guidelines for federal funding of energy R&D is coal gasification. While the technology base underlying surface coal gasification is quite mature, additional research is needed in materials, catalysts, instrumentation, and downstream processing. A significant improvement in the economics of coal gasification could result from improvements in the downstream system since it comprises about one-third of the installed plant investment. One particularly promising area is direct methanation technology.

Underground coal gasification (UCG) offers the largest potential for major reductions in capital investment of the different processes and methods for producing a medium-Btu gas or synthesis from coal. However, the high risks associated with the requisite oxygen-blown UCG technology currently preclude industry from developing the technology on its own. Before industry would be willing to make major investments, several basic technology issues must be resolved such as the ability to successfully link modules. DOE should carry this program forward to the "proof of concept" point.

Another appropriate candidate for continued federal support is unconventional natural gas research in the tight lenticular formations in the West and in the Devonian shales in the East. The long-term scientific nature of these projects is often misunderstood by categorizing them as "enhanced recovery." The responsibility for production-oriented research and trial and error drilling should indeed be left with industry. Federal funding should support experiments that are unlikely to be conducted by industry, but that could greatly enhance our understanding of these formations. Two particularly good examples of novel experiments that are unlikely to be conducted by an individual firm are the Eastern Mineback Program in the Devonian shales and the Multi-well Experiment in the West.

The Eastern Mineback Program is designed to substantiate the methodology and results of stimulation technology through a series of experiments. Unlike previous experiments, researchers will have the capability of making actual physical measurements and detailed observations of the shale in place to determine the effect of stimulation, the behavior and extent of fracture, and the accuracy of diagnostic tools among other factors.

The Multi-well Experiment is designed to obtain the maximum amount of technical understanding of lenticular formations. The normal economic constraints of a private firm would prohibit conducting an experiment of this type where wells are drilled far closer to each other than would ever be done commercially to allow flow and pressure testing between wells, well-to-well geophysical testing, and examination of geological continuity. The results are data and information that can be applied by a broad spectrum of industry.

It is especially important for the government to maintain a strong long-term, gas-related R&D program while GRI takes the lead in near-term R&D. During the 1982 to 1986 time period when the gas industry is significantly increasing its funding of near-term R&D, a federa supported long-term gas research program of approximately $100 million (as detailed in the following chart) is needed to maintain viable funding levels for critical long-range programs. It should be noted that the following recommendation, while totalling approximately $100 million, is less than the level of funds appropriated by Congress for gas-related research in FY 1982 and is only one-third of the FY 1981 funding level. This is consistent with the necessity to reduce the level of federal expenditures, but at the same time it continues critical. ongoing, long-term gas R&D programs.

RECOMMENDED FY 1983 FEDERALLY-FUNDED GAS RESEARCH PROGRAMS
($ Millions)

Tight Sands (Lenticular)	$ 6
Devonian Shale (Eastern Mineback)	6
Advanced Unconventional Natural Gas (Gas Hydrates, Abiogenic Methane)	4
Underground Coal Gasification	10
Geopressured Methane	16
Coal Gasification	35
Advanced Fuel Cell Technology Development	15
Biomass Conversion	3
Genetic Engineering and Biomass Growth	2
Advanced Gas Prime Mover	4
Hydrogen	3
TOTAL	$104

Summary and Recommendations

An adequate gas technology base is a key factor in preventing permanent displacement of gas with imported oil in the industrial market. The proposed rapid cutback of the federal long-term gas-related RD&D budget therefore significantly increases the danger of increased oil imports. As GRI increases its funding of near-term gas R&D, especially during the 1982 to 1986 time period, it is extremely critical that ongoing federally supported R&D programs related to long-term gas supply and use be continued, strengthened, and adequately funded.

STATEMENT OF BERNARD S. LEE, PRESIDENT, INSTITUTE OF GAS TECHNOLOGY

Senator McClure. The Institute of Gas Technology, Dr. Bernard S. Lee.

Dr. Lee. Thank you, Mr. Chairman. I'm Bernard Lee, president of the Institute of Gas Technology, a not-for-profit organization specializing in energy R. & D. and energy education for 40 years.

In developing energy technologies, our concern is for the continuity of effort of laboratory studies or commercial scale demonstrations to fully establish commercial and technical feasibility.

While we strongly support participation of private enterprise in the development of new energy technologies, we must be realistic about the need for Government support where the cost of commercial demonstrations, even with tax incentives, loan guarantees, and price guarantees, is so high that few companies can support such efforts.

We're also concerned that reduced support of energy technology development for even a few years will cause an energy technology gap, by the dissolution of centers of technical capability and the dispersal of highly trained personnel.

The new technology necessary to meet future energy needs cannot be developed by turning energy R. & D. on and off like a faucet in response to short-term fluctuations and world energy supplies and crises over which we have no control. The stability of the present world market is so fragile that it could be shattered overnight by any people in the Middle East—the continuing war between Iran and Iraq, the export of the Khoemeni brand of Islam, the menacing Soviet presence in the Persian Gulf; each is a menacing problem that can set off oil disruptions.

The current so-called oil glut should be regarded as a temporary respite and breathing spell that gives us time to employ alternatives. It took an oil surplus of only 2 million barrels a day, and less than 1.5 percent of the world's annual energy consumption, to transform the world oil market from a seller's to a buyer's market in 1981. The reverse could easily happen.

Therefore, insuring a commercial scale capability for an adequate and secure energy supply outweighs all other considerations. Energy is so vital and so subtle to the United States-Soviet power balance and the economic stability of the world that the Nation must place the same priority on energy as it does on defense.

National policy must focus on energy because the private sector can never factor national needs into investment decisions. We at IGT fully support the $104 million long-term R. & D. budget for fiscal year 1983 recommended by the gas industry which Mr. Webb discussed earlier.

I would like to address a number of specific areas in energy supply, conservation, and solar R. & D., in which IGT is actively engaged.

In the area of natural gas, IGT has evolved an accurate method of measuring natural gas produced with geopressure well water; $60 million is requested to obtain additional basic data to assess the ability of geopressurized aquifers to produce gas in excess of solubility and reservoir.

IGT has established the DOE standard method of determining the permeability of tight sand formations and the behavior of the reservoir volume of gas as it is produced; $6 million is needed to obtain additional tight sand core samples for laboratory study.

Four million dollars is needed for research on gas height rates, biogenic methane, and cold seam natural gas.

In coal gasification, based on our long history of R. & D. in this field, we recommend $4 million to continue basic support studies at IGT to improve catalysts, understanding and behavior, analysis of fluidized-bed systems, and improved waste processing.

One million dollars is needed to continue the coal conversion system's technical data book by compiling, evaluating, and correlating the necessary design data for coal conversion and utilization.

As a pioneer in developing processes to utilize our Nation's large peat resources, $3 million to continue work on peat harvesting, dewatering by wetcarbonization, resource and environmental assessment.

Seven million dollars for the development of the pressurized ash-agglomerating gasifier, which is capable of producing hydrogen combined-cycle power generation and methanol synthesis.

In fuel cells, IGT, as a leader in molten carbon fuel cell technology, recommends $7 million to continue this development, including $3 million for fundamental research to determine performance and life characteristics for fuel cell materials, as well as multifuel capability research.

For the third generation of solid-oxide electrolyte technology, $3 million for laboratory testing to solve the high-density materials problem.

In the biomass area, $1 million to operate PDU, or the renewed gas process, to convert forest and biomass material to fuel, and $2 million for growth and development in basic genetic engineering research in biomass production.

Hydrogen is a long-term fuel that can be produced by baseload power stations, stored and later utilized either as fuel for power generation, and $3 million is needed for thermochemical conversion of solar energy to hydrogen, and fundamental studies of catalytic combustion.

Finally, in the area of solar energy storage, the thermal energy storage through molten salt can be applied to high-temperature processes such as brick kilns, clay, ceramic industries, and $8.5 million is needed to continue the storage R. & D. to address applications, operating requirements, and storage needs and configurations.

Mr. Chairman, I thank you for giving me the opportunity to testify.

PREPARED STATEMENT

Senator McClure. Thank you very much. You covered an awful lot of ground in a hurry. There's a lot of intriguing material there that we'll be looking at very carefully.

Thank you very much. Your prepared statement will be placed in the record.

[The statement follows:]

STATEMENT OF BERNARD S. LEE

My name is Bernard S. Lee. I am President of the Institute of Gas Technology, a not-for-profit energy R&D organization affiliated with Illinois Institute of Technology in Chicago. IGT has specialized in energy RD&D work and energy-related education programs for 40 years. I will provide you today with my assessment of the continuing energy RD&D needs of the nation.

In past years IGT appeared before Congress to offer progress reports on various research projects in which we were engaged. During the previous Administration our work on synthetic fuels technology received much encouragement. Congress strongly supported this energy technology development in response to the oil supply disruptions and price spikes in the 1970's.

Now, however, government energy policy is directed toward funding long-term high-risk research, with the expectation that private industry will start funding much energy RD&D that was formerly carried out by the Department of Energy. Government involvement will focus on the areas of basic science and applied research, leading toward, and perhaps including proof-of-concept. Process development and demonstration, which are the necessary precursors of commercialization, would be left to the private sector.

Our concern is for the preservation of the continuity of effort from laboratory or bench-scale through the larger process development units, pilot plants and then to the size required to assess commercial and technological feasibility. While I strongly support participation by private enterprise to the maximum extent possible in the development of new energy technologies, I believe we must be realistic about the need for government support of high-risk new technologies where the cost to get to commercial demonstration (even with tax incentives, loan guarantees, and price guarantees) is so high that few, if any, major companies can support such efforts.

We are also concerned that with diminished government support for energy research and development, especially development, an "energy technology gap" will be created. Reduced support of energy technology development for even a few years will surely result in the dissolution of centers of technical capability and the dispersal of highly qualified technical personnel to other endeavors. In that case, an entire new generation of technical and scientific personnel will have to be trained again and given sufficient practical experience before it can contribute to energy technology development programs. In short, an "energy technology gap" of at least a decade could result from the current, and in my view, short-sighted, thrust of the government's energy programs. The new technology necessary to meet future energy needs cannot be provided by turning energy RD&D on and off like a faucet in response to short-term fluctuations in world energy supplies and prices over which we have little, if any, control.

I have always advocated letting free-market forces work. However, our free-market economy has never been totally free. We have a long tradition of peace-time public investment in those areas vital to our well-being, security and prestige as a nation. The national highway system, support for the farm industry, space programs and defense are national decisions which transcend the free market and must be undertaken by society as a whole.

Energy is so vital and so central to the power balance between the U.S. and U.S.S.R. and the economic stability of the world, that the Administration must place the same priority on energy as it does on defense.

Although for the past two years the energy picture began to look brighter, this was due to the economic slow-down, the continued substitution of domestically produced energy for imported oil, and conservation due to the improvements in the efficiency of energy use. However, it would be foolish to allow these positive trends to lull us into complacency. First, demand reduction will not continue at the same rapid pace, because the more easily accomplished conservation measures have already been implemented. Further and sustained improvements will become more difficult. Second, although many users were able to substitute coal for oil, the next increment of coal substitution for imported oil will be more difficult and costly. Most importantly, any economic upturn, which is anticipated sometime this year, will immediately trigger increased energy demand.

On the supply side, despite recent heightened activity in oil and gas production, most of the drilling in the U.S. has been to increase production of established reservoirs rather than for new exploration. Although the decline in our oil reserves has leveled off, the stabilization of reserves estimates is due largely to a revision of estimates of previously discovered reserves. New discoveries were equivalent to only 29% of production in 1980. Although, undoubtedly, we do have substantial amounts of oil yet to be found, it is generally accepted that the potential for large-scale new discoveries is limited.

The stability of the present world oil market is itself a fragile thing that could be shattered overnight by another upheaval in the Middle East. Iran remains in the throes of political change and is still at war with Iraq. Further, one of the main motivations for OPEC's moderate attitude toward price is fear — fear that the West will finally develop alternative energy sources that could, if not put it out of business, at least act as a constraint on its control of pricing. Sheik Yamani, the Saudi oil minister, is on record saying that "If we force the West to invest heavily in finding alternative sources of energy, they will. This would take no more than seven years and would result in reducing (The West's) dependence on oil as a source of energy to a point that would jeopardize Saudi Arabia's interest."

The current world oil "glut" should be regarded as a temporary respite, a breathing spell that gives us time to develop alternatives for the day when imported oil will not be available under acceptable conditions. We should keep in mind that it took an oil surplus of only 2 million barrels a day, less than 1.5% of the world's annual energy consumption, to transform the world oil market from a seller's to a buyer's market in 1981. The reverse could easily happen. The question that must be answered is how can we maintain secure and dependable energy supplies, both as an individual nation and as the leader of the free world. We must also recognize that we and our allies are on the downward slope of a rather severe recession, and another major upset in the world's oil supplies could have a much more severe impact than the upsets of 1973 and 1978.

Therefore, insuring a commercial-scale capability for an adequate and secure energy supply outweighs all other considerations. National policy must establish energy as a high priority because the private sector can never factor national needs into investment decisions.

In joining with the gas industry to plan a minimum gas-related DOE FY'83 Budget recommendation, it became clear that the following are specific areas where federal support is essential.

Unconventional Gas

During the past year IGT continued research on unconventional gas including field projects, laboratory research and analytical studies. The principal areas of work were determination of geopressured/geothermal aquifer gas content and production prospects, laboratory characterization of reservoir rock and stimulation procedures for gas production from tight sands and coal seams.

- IGT developed and utilized an accurate method of measuring natural gas produced with geopressured well water. Use of this method demonstrated higher gas production than anticipated in previous theoretical gas production studies. In one case an abandoned well, which had been judged a dry hole from conventional test procedures, produced so much natural gas that it is still in commercial production 17 months later.

  In FY'83, $16 million will be required to obtain additional basic technical information needed to assess the portion of geopressured aquifers capable of producing otherwise undiscoverable gas in excess of solubility in reservoir brine. Tests would be conducted on wells originally drilled in search of geothermal energy. Test equipment already in place at the geothermal well sites would be augmented with the unique instrumentation and analytical procedures developed by IGT.

- IGT has established the definitive DOE standard method of determining the permeability of tight sand formations and how the reservoir volume of tight formations changes as gas is withdrawn during production. Continuing basic work is needed on means to answer such questions as gas content of the sand adjacent to the well bore, how the gas flows through the sand and the size of the lens or reservoir. It is anticipated that the answers to these questions will increase the recoverable resource by 70-90 trillion cubic feet. We recommend a $6 million funding level to permit tight sand core sample removal and laboratory study. Coordination between laboratory operations, well drilling and well testing will be essential.

- $ 4 million is needed to permit further research on advanced unconventional natural gas resources including gas hydrates, abiogenic methane and coal seam natural gas. Gas hydrates are solid compounds of methane and water which form under conditions of low temperature and high pressure. Gas hydrates have been found in arctic regions of the world and enormous quantities are believed to be present in sediments in the deep ocean bottom. Abiogenic methane is natural gas from non-biological origins. It has been hypothesized that much abiogenic gas was trapped in the earth when it condensed from the nebula surrounding the sun billions of years ago. Both gas hydrates and abiogenic methane are very long-term, high-risk, possible future sources of gas; but we need to know more about the trapping and transport characteristics in source rock in order to evaluate methods of recovery.

  IGT's research on gas production from coal seams has revealed that conventional well completion procedures, such as hydraulic fracturing, are much less effective than in conventional gas reservoirs due to fundamental differences between coal and the sandstone or limestone rock in conventional reservoirs. As with hydrates and abiogenic gas, fundamental research on gas trapping and transport in coal is needed for devising more effective well completion procedures.

Coal Gasification

As you know, IGT has a long history of research and development in coal gasification. We recommend the following actions, consistent with the Administration's policy of long-range research to improve the efficiency of coal gasification processes.

- Continuation of essential work by IGT is recommended in the development of improved catalysts to enhance the efficiency of coal gasification processes, studies of coal ash behavior to improve coal utilization and gasifier operation, studies of fluidized-bed systems for improving coal gasification processes and investigation of improved processing techniques for product and waste streams. These basic research and support studies would require $4 million in FY'83.

- Since 1974, IGT has been compiling, evaluating and correlating the necessary design data to be applied to numerous coal conversion and utilization projects -- the Coal Conversion Systems Technical Data Book. These data are presented in forms needed by engineers and scientists engaged in projects or developments within the emerging synthetic fuels industry. As such, the Data Book helps foster the transfer of government-supported technology development to the point of commercial application by private industry. $1 million to continue the Data Book effort is necessary to enhance the ability of industry to undertake major gasification projects.

- As a pioneer in developing processes to utilize our nation's large peat resources, the peat gasification program at IGT achieved major milestones during the past year. The HYGAS plant has been successfully modified for operation on peat; high-pressure lockhopper operation for feeding of peat has been demonstrated; carbon conversions in the PEATGAS process have exceeded 90% with high yields of methane.

  $3 million is needed to continue work on peat dewatering, harvesting, resource and environmental assessment. Further development of wet carbonization of peat is also included to provide suitable feedstocks for either gasification, liquefaction or direct combustion of peat.

- $7 million is needed for the development of the pressurized ash-agglomerating gasifier which could have broad application in such diverse areas as industrial fuel gas production, hydrogen generation for chemical production, combined cycle power plants and methanol synthesis. The ash-agglomerating process, with its superior method of feeding and ash discharge, results in better separation of ash residue, improved carbon conversion (efficiency) and produces a non-leachable ash. These efficiency and environmental considerations are clearly worthy of further experimental development. Of the total, $3 million is for modifying an existing facility and $4 million for operation and preliminary testing.

Fuel Cells

Phosphoric acid fuel cell technology has received sustained government funding to permit it to reach the demonstration phase. It is now important for continued government funding at an accelerated pace for development of the molten carbonate system because of its superior performance and energy conservation potential.

The molten-carbonate fuel cell offers the utility industry a means to generate power from coal at approximately 50% cycle efficiency which is a significant improvement over a conventional steam plant. IGT has invested nearly 500 man years of professional expertise in fuel cell R&D in a twenty year period, and maintains extensive laboratory and development facilities for fuel cells and related fields. As a result, IGT is unique in the U.S. and probably in the world in its combined knowledge and expertise in the areas of fuel cells, coal gasifiers, and gas cleanup systems. Molten carbonate cell technology has been proven by IGT at the single cell level in cell sizes up to one square foot. Some testing of multiple cell stacks containing as many as 20 cells of one square foot area has begun. Future RD&D needs include scaling cell sizes up to the commercial level, further testing and verification of gas manifolding, temperature control and cell configuration, and demonstration of the technology using 5 to 200 cells of the one square foot size. Additional molten carbonate R&D is required to develop improved fuel cell components and fabricate them into prototype stacks to verify system efficiency and production costs.

Japan, as part of its Project Moonlight, is focusing on all facets of fuel cell technology and is committing 11 billion yen (U.S. $50 million) over the next six years. In the U.S., EPRI and GRI are committing their financial resources for fuel cell development primarily in support of near-term (phosphoric acid fuel cell) commercialization. There is no existing fuel cell industry to take on the developmental responsibility and associated risk of the longer-term technology. Therefore, it is essential for the government to provide support until the technology and the industry are both ready for commercialization.

- $7 million is required to continue molten carbonate fuel cell (MCFC) technology development. Of this amount, $3 million should be allocated for fundamental MCFC technology research needed to determine performance and life characteristics for candidate fuel cell materials as well as multifuel capability research. The direct feeding of gaseous or liquid hydrocarbon to the MCFC, using internal reforming, has been tested at IGT and the very promising results indicate such a system could be substantially simpler, with increased power generation efficiency, reduced cost and improved reliability. These R&D activities are necessary for the earliest application of MCFC technology in the industrial and commercial sectors. In order to disseminate information on cell life and performance directly to all potential manufacturers, the use of DOE's existing endurance prototype testing facility and controlled environment facility would be required.

- $3 million is necessary to continue a broad program in third generation solid oxide electrolyte technology. Extensive laboratory testing is necessary to meet the challenging materials problems inherent in a system operating at 1800°F. Laboratory work is needed to find candidate materials to handle the higher temperatures and to determine the life of cell components. These efforts would begin to lower material costs.

Biomass

- With DOE funding, work on IGT RENUGAS process (steam-oxygen gasification of forest and plant biomass materials for fuel) has proceeded from laboratory and bench scale studies to the design and construction of a process development unit (PDU). $1 million is needed to support the operational phase which will provide better understanding of the relationship of biomass feed characteristics to fuel yields and provide the basis for long-term genetic development of feed stock species.

- The production of renewable energy from marine biomass is definitely a long-range supply option. While commercial production of kelp and seaweed is already underway in Japan and China, the methods are very labor-intensive. A more technological approach to growth and harvesting would reduce costs and provide a suitable biomass feedstock for applications in the U.S. Marine biomass production is attractive because it can be done over a much wider area than for land-based biomass, and because marine biomass does not contain lignin and is readily biodegradable.

Digestion of biomass for energy production takes place in three essential steps: (1) hydrolysis and liquefaction, (2) fermentation to produce hydrogen, carbon dioxide and acetic acid, and (3) methanogenesis -- the production of methane from the fermentation products. Through isolation and characterization of the key bacterial populations involved, it may be possible to develop special bacterial inocula to enhance and optimize reaction rates for each step, and to isolate the principal and most effective organisms.

$2 million in FY'83 would permit continuation of preliminary work to develop a technological approach to growth and harvesting as well as basic genetic engineering research.

Storage

In order to meet the seasonal heating and cooling requirements in the U.S., 18 times more energy is needed in the winter than in the summer. In the Northeastern U.S. this factor increases to 90 times. The need for energy storage to meet large seasonal changes in energy demand is evident.

One thermochemical method of thermal energy storage (TES) for on-site commercial or industrial usage of solar energy is the use of melted salt or salt mixtures. Work began in March of 1981 at IGT on a three-year project under DOE sponsorship to develop an advanced energy storage system using molten carbonate salts, and applicable to all industrial processes that require high levels of periodic thermal energy demand. Examples are the high temperature batch-operated furnaces and kilns common to the brick, clay, ceramic and cement industries, although the work is not limited to these specific industrial areas. The feasibility of retaining molten carbonate salts in porous oxide ceramics for thermal energy storage has been proven using low-cost materials which exhibit good stability.

A broad-based generic R&D program is required to address the many applications and operating requirements as well as the many possible storage media configurations identified or thought to be possible. After sufficient research and technology development, industrial trade associations, TES user groups with comparable requirements and potential TES system manufacturers could be involved in transferring the technology to the commercial sector.

- The funding requirement in FY'83 for thermal energy storage RD&D based on molten salts is $8.5 million and will permit the following work:
    - -- Measurement of physical and chemical properies of potential media materials.
    - — Optimization of media thermal and physical behaviors within expected operating conditions.
    - -- Media selection/development to fit application temperatures and operating requirements.
    - -- Materials compatibility studies addressing media, containment, working fluids and auxiliary components.
    - -- Mathematical modeling of heat transfer performance and optimum integration into the heat-source/heat-use sequences.

Hydrogen

Nuclear heat or electricity, solar or wind energy and other renewable energy sources are not storable like fossil fuels, and long-distance delivery of most renewable energy forms is impractical without conversion to a chemical fuel form. A long-term solution to those problems is hydrogen. It can be produced with base-load (fossil, nuclear and solar) power stations, stored, and later utilized in both conventional (gas turbine) and advanced (fuel cell) electric power peaking generation equipment. Unlike batteries and mechanical storage devices such as flywheels, hydrogen can be stored for long durations without degradation of energy quality.

- However, before hydrogen can be economical as a fuel in the long-term, much advanced technology development is needed. IGT has been a leader in hydrogen research and recommends sustained support in:

- experimental work on thermochemical conversion of solar energy to hydrogen.
- fundamental studies of catalytic (flameless) combustion of hydrogen.

This program should be sustained over at least a five-year period. A first year funding level of $3 million is essential to begin this work.

In summary, sustained research and development programs to assure a continuing flow of improvements and innovations, coupled with a growing synfuels industry, would be the most effective insurance the nation can provide against oil-related economic disruption.

Thank you for this opportunity to present my views.

STATEMENT OF ROBERT L. ROACH, WASHINGTON REPRESENTATIVE, ENVIRONMENTAL POLICY CENTER, WASHINGTON, D.C.

Senator McClure. Environmental Policy Center, Robert Roach.

Mr. Roach. Good morning, Mr. Chairman. I'm Robert Roach, Washington representative of the Environmental Policy Center.

It's a pleasure to appear here before you this morning and offer our view son the particular aspects of the Department of Energy's fossil energy program.

A great deal of concern has been expressed recently about the size of the reductions in the fossil energy research and development budget. Since close to 91 percent of proposed reductions are derived from the coal program, it is only natural to assume that this particular program will be the major focus of efforts to restore funding.

Critics of the proposed budget are legitimately concerned that already-diminished coal programs, and these new reductions, will severely weaken the coal R. & D. infrastructure. In the administration's proposed budget, new appropriations for the coal program are reduced by $366 million, or 75 percent.

The real spending authority, then, is the combination of new appropriations and deferrals from previous years, decreased by $422 million, or 82 percent.

I've attached two tables at the end of my testimony to sort of draw that out. However, as this subcommittee considers proposals to restore funds to this program, I believe it's important to examine the substance of the reductions. The Environmental Policy Center believes that many of the proposed reductions are justified.

The cutbacks reflect a fundamental redirection of the Federal role in R. & D., from the development of near-term and proprietary technologies, and the promotion of commercialization, to the concentration on generic, basic research.

We urge this subcommittee to utilize its funding authority to maintain a legitimate R. & D. program and reestablish the initial purpose of the coal program—the promotion of research to enhance the direct utilization of coal in an efficient and environmentally sound manner.

In the past, the fossil energy budget, and the coal program in particular, have harbored some very expensive programs of questionable merit. In the late 1970's and in 1980, the great increases in this budget did not represent an increase in basic R. & D. as much as a proliferation of large and expensive demonstration programs, and first-stage commercialization efforts which should have been funded by industry.

I would just like to take a minute to touch on some of these programs I'm referring to.

In examining the large reduction proposals for the coal program, it's important to realize that $115 million, or 41 percent of the reduction in new appropriations, and $224 million or 57.9 percent of the decrease in real spending authority, is located in two activities: Coal liquefaction and surface coalgasification. A close examination of many of the projects to be reduced or terminated reveals that decreases are justified.

The solvent-refined coal project, SRC–I, will be terminated, or planned to be terminated, after the project baseline data is submitted to Congress in May of this year. It's a project which is much larger than needed to demonstrate technical feasibility, yields a poor slate of products, and forces the Government to bear 97 percent of the cost of a project whose total cost has soared from an original estimate of $685 million to $4.57 billion in 1981.

Aside from the technical and market arguments against this project, fiscal reality dictates that the Federal Government cannot and should not bear such an enormous cost.

Over $50 million in these reductions represents the termination of Government involvement in the H-coal and EDS pilot plants; both of these plants have completed runs utilizing a variety of coals, and have provided enough information to the industrial partners to allow them to make decisions on further scale-up.

I think it's also important to realize that these facilities do not give an advantage. Hydrocarbon Fuels and National Synfuels recently signed an agreement to continue to run the H-coal facilities. I think this bears out the fact that perhaps the Government is footing the bill for a lot of projects which industry themselves would run.

The decreases also reflect the diminished need for Government support for indirect liquefaction processes. The private sector is supporting extensive research in this area, and 4 of the 11 projects which are candidates for assistance in the Synfuel Corporation employ indirect liquefaction processes.

In the surface gasification area, many of the reductions reflect merely a conclusion of federally funded projects, completions of experiments—which were just completed—and an increase in gasification programs outside of DOE.

For example, the Westinghouse fluidized-bed gasifier really no longer needs Federal assistance. Westinghouse is going to employ its gasifier in a commercial demonstration project in South Africa, and is planning a 10,500-barrel-per-day facility in Pennsylvania which applied to the SFC for subsidization.

Clearly, these reductions represent fundamentally sound shifts from development, construction, and operation of facilities to encourage commercialization, to the testing of long-term high-risk technologies which offer potentially large benefits—the collection of data base and characterizations of pollutants and development of the data base for environmental health programs and mitigation strategies.

I would like to conclude by saying that there are some activities we feel should be increased above the recommendations. These include activites which are going to encourage us to directly utilize coal in an environmentally sound and more efficient manner, such programs as combined flue gas cleanup, alternative fuels utilization. Work on coal-water mixtures, for example, is also very important.

Finally, I'd just like to express our belief that Government R. & D. programs should focus on the development of concepts which promise public benefits, but are a long way from commercial realization. They should not divert Federal dollars to the construction and demonstration programs, which are the responsibility of the private sector.

PREPARED STATEMENT

Senator McClure. We will include your statement in the record.

[The statement follows:]

STATEMENT OF ROBERT L. ROACH

Mr. Chairman, I am Robert Roach, Washington Representative of the Environmental Policy Center. The Center is a non-profit, non-partisan environmental organization which for the past 10 years has worked on national policy issues relating to the use and conservation of our energy, agricultural and water resources.

It is a pleasure to appear before you this morning and offer our views on particular aspects of the Department of Energy's fossil energy program.

A great deal of concern has been expressed recently about the size of the reductions in the Fossil Energy (FE) Research and Development budget. Since close to 91% of the proposed reductions are derived from the coal program, it is only natural to assume that this particular program will be the major focus of efforts to increase funding levels above those recommended by the Administration.

Critics of the proposed FE budget are legitimately concerned that the already diminished coal program and these new reductions will severely weaken the coal R & D infrastructure. The government would be removed from areas of research which will not be assumed by private industry, and such sweeping reductions will impare efforts to increase and improve the direct utilization of coal.

In the Administration's proposed budget, new appropriations for the coal program are reduced by $366.803 million, or 75%. Real spending authority is decreased by $422.103 million, or 82%.

However, as this Subcommittee considers proposals to restore funds to this program, it is important to examine the substance of the reductions proposed by the Administration. The Environmental Policy Center believes that many of the proposed reductions are justified. The cutbacks reflect a fundamental re-direction of the federal role in R & D from the development of near term and proprietary technologies and the promotion of commercialization to concentration on generic R & D and basic research.

In the past, the FE budget and the coal program in particular have harbored some very expensive programs of questionable merit. In the late 1970's and 1980, the great increases in this budget did not represent an increase in basic R & D as much as a proliferation of large and expensive demonstration programs and first-stage commercialization efforts which should have been funded by industry.

There has been a great deal of criticism that many of the Administration's non-defense budget cuts are excessive, and in some areas we agree. However, this general criticism should not be used as a vehicle to continue the funding of multi-billion dollar boondoggles. The approach that this subcommittee takes to the restoration of the coal program funding is critical. To merely maintain funding at last year's levels, or split the difference between FY82 appropriations and FY83 requests will not ensure a sound, or even reasonable coal R & D program.

We urge this Subcommittee to utilize its funding authority to maintain a legitimate R & D program and re-establish the initial purpose of the coal R & D program: the promotion of research to enhance the direct utilization of coal in an efficient and environmentally sound manner. To underscore these points, the remainder of this testimony will review some program activities where the Administration's recommendations are justified, and also identify areas where reductions may be too severe.

Coal Liquefaction and Surface Coal Gasification

In examining the large reduction proposal for the coal program, it is important to realize that $115.2 million or 41.7% of the reduction in new appropriations and $224.7 million or 57.9% of the decrease in real spending authority is located in two activities: coal liquefaction and surface coal gasification. A close examination of the projects to be reduced or terminated reveal that the decreases are justified. Much of the funding in these activities supported enhancement of proprietary technologies, construction of large-scale demonstration and first stage commercialization units and some unproductive experiments.

The Solvent Refined Coal I (SRC I) project will be terminated after the project baseline data is submitted to Congress on May 1, 1982. It is a project much larger than needed to demonstrate technical feasibility, yields a poor slate of products, and forces the government to bear 97. % of the costs of a project whose total cost has soared from an original estimate of $685 million to $4574 billion in 1981. Aside from the technical and market arguments against the project, fiscal reality dictates that the federal government cannot and should not bear such an enormous cost. Over $50 million of the $72.58 million in reductions result from the termination of the 250 TPD Exxon Donor Solvent pilot plant and the 220 TPD H-Coal pilot plant. Both plants have concluded runs utilizing a variety of coals, and have provided enough information to the industrial partners to allow them to make decisions on further scale-up. Ashland Oil has applied to the Synthetic Fuels Corporation for assistance to construct a commercial scale facility, while Exxon has decided the economics of the EDS process are not yet attractive enough. Moreover, these facilities will not vanish. They can and should be made available to other private firms who wish to rent them and operate them at their own expense.

Decreases in the coal liquefaction budget are also reflective of the diminished need for government support for indirect liquefaction processes. The private sector is supporting extensive efforts in this area. Proof of this activity may be found in the number of projects employing indirect liquefaction technologies which applied to the SFC and are candidate for subsidies. Four of the eleven projects employ indirect liquefaction processes.

Reductions in the Surface Coal Gasification Area reflect a conclusion of some federally funded projects and an increase in gasification programs outside DOE. The projects at the Bi-Gas and HY-Gas process development units (PDU) were concluded. Exxon assumed control of the development of its catalytic coal gasification process. The Westinghouse fluidized bed gasifier no longer needs federal assistance. Westinghouse will employ its gasifier in a commercial demonstration project in South Africa, and is planning a 10,500 BPD facility in Pennsylvania and will apply for SFC subsidization.

Clearly, the reductions in the liquefaction and gasification activities represent a fundamentally sound shift in federal focus from the development, construction and operation of facilities to encourage commercialization to the testing of long-term, high-risk technologies which offer potentially large benefits, collection of a data base and the characterization of pollutants to develop a data base for environmental and health programs and mitigation strategies. If any project in coal liquefaction and gasification is to be increased, it should be the latter. In addition to economic and technological problems, environmental issues represent the greatest obstacles to synthetic fuels development. Failure to characterize critical pollutants and develop mitigation strategies in a timely fashion may come back to haunt the synthetic fuels industry.

It should also be noted that the changes in these DOE programs reflect the proposals made in a November 1981 report of the Research and Development Panel of the Energy Research Advisory Board, entitled *Federal Energy R & D Priorities*. Although the panel made no specific funding recommendations, it advised a curtailment of the liquefaction and gasification programs, with decreased attention to indirect liquefaction and large pilot and demonstration plants. Instead, the Board recommended that efforts in these areas concentrate on basic R & D and environmental issues, with research efforts limited to laboratory and small pilot plants.

Recommended Increases

There are activities in this budget, however, which merit funding levels higher than those which were proposed. Certain long term technologies offer advantages which are not easily factored into traditional cost/benefit analyses. Combined flue gas cleanup technology is such an example. Traditionally, separate approaches have been taken to control the major pollutants from coal cumbustion: SO_x, particulates and NO_x. SO_x and particulates have received the most attention. Recently, however, more attention has been given to NO_x as a contributor to the problems of acid rain and reduced visibility. Therefore, the ability to develop a cleanup system which can provide for the simultaneous removal of SO_x and NO_x offers many advantages.

So, too, do systems which improve particulate removal, and advanced systems for the removal of fine respirable particulates. As the direct utilization of coal increases, so will the need for these advanced control systems. The Energy Research Advisory Board has recommended that programs to develop improved emission control technology to reduce SO_x, particulates and NO_x receive both increased funding and a higher priority.

It is also important to increase federal support of advanced combustion technologies and alternative fuel utilization research. The data generated through these research programs may increase the mid-term potential for fuel substitution.

In conclusion, government R & D programs should focus on the development of concepts which promise public benefits, but are a long way from commercial realization. They should not divert federal dollars to construction and demonstration programs which are the responsibility of the private sector. If a need occasionally exists to bridge the gap between conceptual breakthroughs and commercialization, other governmental incentives should be employed. Tax credits, for example, would result in far less direct expenditures and provide greater incentives for efficient management than direct government funding.

FY 82 - FY 83 CHANGES IN APPROPRIATIONS - COAL PROGRAM
(in millions of dollars)

	83 Request	82 Appropriation	Difference	Percent of Total Cuts
Control Technology and Coal Preparation	8.6	25.152	16.552	5.997
Advanced Research and Technology Development	19.8	56.256	36.456	13.208
Coal Liquefaction	26.2	98.784	72.584	26.298
Combustion Systems	6.5	30.544	24.044	8.711
Fuel Cells	9.5	34.464	24.964	9.044
Heat Engines	0	15.408	15.408	5.582
Underground Coal Gasification	.7	8.256	7.556	2.737
MHD	0	21.840	21.840	7.912
Mining R & D	1.0	10.992	9.992	3.620
Surface Coal Gasification	10.5	53.088	42.588	15.430
Program Direction	8.0	12.019	4.019	1.456
	90.8	366.803	276.003	99.995[1]

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[1] Number does not equal 100% due to rounding.

Liquefaction and Surface Coal Gasification Reductions

	FY 82-83	% of Total Cuts
Liquefaction	72.584	26.29
Gasification	42.588	15.430
Total	115.172	41.728
Total reductions in all other coal program activities	160.831	58.271

FY 82 - FY 83 CHANGES IN BUDGET AUTHORITY - COAL PROGRAMS
(in millions of dollars)

	83 Request	82 Total BA (82 Appropriations plus deferrals)	Difference	% of Total Cuts
Control Technology and Coal Preparation	8.600	25.152	16.552	3.92
Advanced Research and Technology Development	19.800	56.256	36.456	8.93
Coal Liquefaction	26.200	228.384	202.184	47.89
Combustion Systems	6.500	41.044	34.544	8.19
Fuel Cells	9.500	34.464	24.964	5.91
Heat Engines	0	15.408	15.408	3.65
Underground Coal Gasification	.700	8.256	7.556	1.79
MHD	0	27.840	27.840	6.595
Mining R & D	1.00	10.992	9.992	2.367
Surface Coal Gasification	10.500	53.088	42.588	10.08
Program Direction	8.0	12.019	4.019	.95
	90.08	512.903	422.103	99.962[a]

[a] Number does not equal 100% due to rounding.

Liquefaction and Surface Coal Gasification Reductions

	FY 82 - 83	% of Total Cuts
Liquefaction	202.184	47.89
Gasification	42.588	10.08
Total	244.772	57.98
Total reductions in all other coal program activities	177.331	42.01

STATEMENT OF HAROLD E. DAVIS, PRESIDENT, CONCENTRATION SPECIALISTS, INC., ANDOVER, MASS.

Senator McClure. Concentration Specialists, Inc.; Mr. Harold Davis.

Mr. Davis. My name is Harold Davis; I'm president of a little company up in Andover, Mass. called Concentration Specialists, and our main business is development of freeze-concentration as a process to either desalt seawater or to concentrate industrial solutions such as orange juice.

We believe that freeze-concentration is economically viable in the marketplace primarily because it offers great energy reduction over competing processes.

I've prepared a statement, basically in support of OWRT, that I've just submitted. I'd like, however, to deviate from my prepared remarks and testify both for OWRT and the industrial energy conservation groups in DOE.

I'd also like to stress today that I'm talking basically about research and development of new technologies versus demonstration.

The reason that I feel that I can lump OWRT and DOE together in the same package is they both involve research into innovation of new separation processes.

In desalting, what you're doing is taking a stream and you're separating it into pure water and industrial-strength brine. In the industrial world, you're taking a stream of orange juice and separating it into pure water and concentrated orange juice.

I think when it comes time to ask: why should the Government support R. & D., there are two questions you must ask. One is: how does the country benefit?

Second, in our capitalistic society, is governmental support necessary and justifiable?

I think the benefits of research that both OWRT and the Industrial Energy Conservation Group at DOE are doing are very important to the country. We're all aware of the water shortages; everybody in the West knows what a great problem water is. Also, we have the whole question of industrial water reuse. We have pollution problems; the ideal solution to a pollution problem is to concentrate the dilute waste so that you can recover a saleable by-product, and at the same time produce water that can be used back in the factory.

How about energy savings? Conventional separation processes currently in use in this country use 110 million barrels of oil a year, or the energy equivalent of that. Supposing you could save just 50 percent of that? That's saving 3 days supply of our total oil use in this country.

So certainly, energy savings is a good goal for the country, but perhaps what's even more important that these processes address, is the idea of productivity increases.

The thing that this country is sadly deficient in, I feel, is the fact that we are not producing more for less. Our record of innovation is low and going lower, and I think it's only through supporting the basic research and development on new innovative processes that we can indeed see productivity increase.

When we're talking energy savings, and when we're talking water savings, we are not only talking saving natural resources, we're talking saving money.

The second question: Is Government support justified? I think when you look at Government support for basic separation technology, you've got to look at its markets. Its markets are relatively limited, and the cost of entry into this field and developing the technology is very high.

It's cost the Government, and various companies as well as my partners and I, probably over $10 million and 20 years of effort to even get the technology to where it's almost commercial, and it's not there yet. This has not been research that a big company will be willing to undertake, because the short-term gains are just too short.

PREPARED STATEMENT

If there are any questions, I'll be glad to answer them.

Senator McClure. Thank you very much. I appreciate your testimony. We will include your statement.

[The statement follows:]

Statement of Harold E. Davis

Most of the testimony given at this hearing will concern the Country's growing water crisis and the need for further development work on the various desalting processes. We only have to read the newspapers to know that our water problems are grave, and I agree that much further research and development is necessary to produce lower cost, high purity water in the places where it is needed. However, I would like to discuss with you how these new developments and those created by the more than 20 years of past R&D effort by OWRT and its predecessor OSW, can be used to meet other national needs. This decade's environmental awareness and energy crisis, as well as our need for water, create a compelling requirement for these new technologies. Active government support for the continuing development of these processes will speed their utilization for resolving these problems.

As a bit of background, Concentration Specialists, Inc. is a small business, almost 6 years old, employing 22 people and doing roughly a million dollars of business a year. The purpose of the business is to develop and commercialize freeze crystallization as a desalting and concentration process. Freeze crystallization is the least developed of the desalting processes, and there are no commercial units in operation in this country.

The processes developed for saline water conversion are general separation processes -- essentially, they all take a salt water stream and separate it into a pure water and a more concentrated salt solution. This same technology can be used to separate and concentrate many other solutions. Wastewaters can be effectively purified, producing reusable water and a concentrated waste that can be more economically treated for disposal or by-product recovery. (Often the economics of by-product recovery are unfavorable only because of the low concentration of the valuable material in the waste stream.) Another promising use of this technology is for industrial processing where the desalination processes can supplement or even replace conventional concentration equipment because of their high energy efficiency. Conventional concentration equipment uses the equivalent of over 110 million barrels of fuel per year. Desalting technologies, if fully developed and implemented in a concerted program, could reduce this energy consumption by over 90%, a significant savings.

We are just beginning to see some of the results of the past 20 years of government supported desalting research and development in applications for pollution control and energy conservation. Membranes are used in power plants and electronic factories as the first stage of demineralization to produce ultrapure water. They are also used for the concentration and separation of proteins and sugar from cheese whey in combination with wastewater reclamation. Evaporation and membranes are used for the recovery and pollution control of plating solutions from metal plating and electronic circuit productions. Vapor compression evaporators used alone and in combination with membranes to concentrate cooling tower blowdown from power plants along the Colorado River, thus permitting more economical final disposal of these wastes.

In addition to direct application of the equipment, there have been valuable technology spinoffs. In the work on distillation, valuable engineering data and technology has been produced on ways to improve heat transfer performance, reduce corrosion, and reduce energy consumption. This data has great value to the utilities and process industries, as well as to the desalting industry. Significant advances have been made in polymer technology while striving for better membranes. Electrodialysis technology has been adapted to manufacture hypochlorite disinfectant (a less hazardous form of chlorine) on site --

and this is just the first of many electrochemical reaction applications that are now possible as a result of this technology. We are using some of the past freezing technology to develop solar assisted heat pumps for economical building heating and cooling.

These are just a few of the applications that currently use desalting technologies. Although government funding doesn't account alone for all of these applications without it and its support of basic process research, these technologies would not be developed to the present extent and there would not be a U.S. desalting industry ready to assist with the environmental and energy problems facing this Country.

There are many, many more applications for desalting technologies that will promote efficient energy use, conserve water and provide environmentally sound answers to pollution problems. However, widespread use requires further development and demonstrations of the technologies. The needs are there and how fast they will be met will depend on the funding available for the required development. Three general classifications describe the future needs for desalting technologies:

(1) Water Reuse:

The widespread internal reuse of industrial wastewaters along with reuse of municipal wastes for industrial purposes could free almost twice the amount of water for human uses than we currently consume. Since all of the "cheap water" resources have been developed, the ability to double the service without adding more collection and distribution facilities have major financial implications for municipalities. Water reuse is truly a valuable tool for overall water management planning.

(2) By-Product Recovery:

One of the objections to widespread water reuse is its cost. Often when desalting techniques are used, valuable chemicals can be recovered from the concentrate which could more than offset the additional costs. As an example, the wastes from new energy sources such as coal gasification plants contain quantities of chemicals which would further improve the economic attractiveness of coal conversion. In addition, the amount of water required for these processes would be substantially reduced through water reuse. This would certainly make these plants more welcome in our water-short West.

(3) Energy Savings:

Process industries such as pulp and paper, chemicals, foods and textiles have numerous applications for separation techniques ranging from concentrating frozen orange juice to crystallizing soda ash to recovering uranium by solution mining. Desalting technologies could be used in many of these cases with considerable energy savings. If freezing were used to replace the evaporators currently used for concentrating black liquor from pulp mills, my cursory calculations show that over 13 million barrels of oil could be saved each year for this one application. As additional benefit, pollution from one of the major sources of pulp mill effluent, the condensate stream, is eliminated.

(4) Productivity Increases:

When more product is made for less money, there is an increase in productivity. With energy costs rising as rapidly as they are, desalting technologies can make significant producitivty advances. One study we recently

> did showed that if freeze crystallization was used for concentrating whey (a waste stream) from a middle sized cheese factory instead of evaporation, the fuel savings would be $750,000/year.

However, the technology necessary to implement widespread use for these applications is not available. We are still an infant industry. The processes we are competing with -- distillation, extraction, absorption and evaporation -- are over 100 years old. More technology research, development and application demonstration is necessary before these innovative processes are ready to earn their rightful position in the market place.

Today, since I have been talking to you about pollution control, energy savings and chemical recovery, a reasonable question might be, "Why do we need the Office of Water Research and Technology?". I have three answers:

(1) All of the applications I've discussed involve water and must be considered as part of any national water management plan to meet our need for supplies of high quality water.

(2) The equipment developed doesn't differentiate between saline water and other chemically contaminated waters. The technology developed for desalting is directly applicable to meeting other national needs.

(3) OWRT and its predecessor, OSW, is the only government agency funding the innovation of process technologies. Other agencies will fund applications development, but not research and the advancement of the technology. If I have a new idea for a component of the process, they are the only source of funds. It's true that I benefit from this research, but everyone else interested in the technology has access to the data.

The other question to be addressed today is whether industry will do its own research if OWRT does not exist. As a small businessman, I spend a considerable portion of our sales on what's called research -- actually it's only product development. I can also obtain some commercial support for some application development. However, I don't have the money and there is no source of non-governmental funding to test new ideas or to make real advances. At least in our field, the growth of technology will be severely limited without OWRT.

I have also worked for large companies, and I don't believe their attitude will be much different. Sure there will be a larger development budget than I can afford, but the budget will still be limited only to those short term projects with high return on investments. Again the future is sacrificed. There is a reason for the resistance by big business -- the cost of developing a new process is horrendously long and expensive. I estimate that the government and various companies have spent over 20 years and $10,000,000 in freeze crystallization and we still aren't there yet. Even though the amount of water conserved and energy saved by use of this technology can be very significant, my guess that the total market for equipment is only $30,000,000 to $50,000,000 annually. That's quite an investment for even the largest companies for a relatively limited return.

True innovation doesn't take place until a new product or process actually enters the market place. It is a long hard pull to the commercialization of a new technology. Step by step improvements are needed over a period of years. Government participation in these processes has speeded the transfer of desalting technologies by fostering competition and sharing the developmental costs.

Although there are now many applications for desalination technologies, OWRT and OSW are probably the major reason that the technology exists at all. I strongly believe one of the functions of our government is to help find solutions to our "Crises" by the development and transfer of technology. We have a pollution crisis, an energy crisis, a productivity crisis and now a water crisis. Our Country needs desalting technology for many aspects of water management. The other uses for these technologies are an added benefit. The money spent to develop new desalting processes will be returned in benefits many times over -- perhaps some of our "Crisis" will be downgraded to problems. We need OWRT to help us and the Country.

STATEMENT OF ORIN LEHMAN, COMMISSIONER, NEW YORK STATE OFFICE OF PARKS, RECREATION, AND HISTORIC PRESERVATION

Mr. LEHMAN. Thank you, Mr. Chairman, for giving us the opportunity to state our concerns.

Today, I would like to express deep concern over the proposed withdrawal of the Federal Government from its partnership with the states and localities for the benefit of both parks and historic preservation.

Let me speak, first, about the extraordinarily productive partnership for parks encouraged by such Federal measures as the Land and Water Conservation Fund Act, the Urban Park and Recreation Recovery Act, and the legislation creating the Young Adult Conservation Corps.

It is generally conceded that parks are good for people. They contribute to family health. They serve as a safety valve for social tensions. They help reduce the rate of crime. And they provide a stimulus for the economy.

It is also very well established that the vast majority of American citizens use the State and local parks closest to their homes.

Is it not then appropriate that the responsibility for such parks be shared by all levels of government?

The problems that have faced State and local park administrators during the prolonged period of inflation and taxpayer discontent have been tremendous. The New York State Parks alone contain more than 4,000 major structures. Their average age is over 40 years. Facilities in our local parks average even older than that. Most of them have been intensively used ever since they were built; and they are wearing out faster than we, at the State and local level, on our own, can repair them.

Fortunately, previous administrations in Washington, Republican as well as Democratic, have viewed the rapid deterioriation of aging parks as a problem to be confronted by the Federal as well as by the State and local governments.

The matching Federal grants and other aids helped the States and local governments in their efforts. They helped to slow, if not to halt completely, the rate of park decline.

Now, however, the present administration no longer recognizes any Federal responsibility. It has not just cut supportive Federal programs. It has eliminated them completely.

So, on behalf of New York and on behalf of all the States, I strongly urge Congress to restore these essential Federal park programs.

Federal support for historic preservation is no less appropriate and no less essential than that for parks. Historic resources are not the heritage solely of the communities or of the States in which they are located. Our history is shared by all Americans, and our historic resources are the heritage of all Americans.

Congress recognized the truth of this when it passed the enlightened Historic Preservation Act of 1966. It further recognized this by including preservation incentives in both the Tax Reform Act of 1976 and the Economic Recovery Act of 1981.

Over the years, New York, like other States, has worked in partnership with the Federal Government, matching every dollar it has received to carry out its federally mandated work.

Under the national preservation program, responsibility has been shared, not just by Federal, State, and local governments, but by the private sector as well.

The Department of the Interior acknolwedges that without the participation of the States, the cost doing the job would have been far greater and the job could not have been done as quickly or as effectively.

Preservation, as encouraged by the national program, has provided a key to meaningful community renewal. Exciting examples of economic revitalization from historic preservation can be found in New York State and throughout the Nation.

Clearly, historic preservation helps communities help themselves. It gives them pride in their present as well as in their past. It serves as a catalyst for private investment.

A few million dollars spent each year for the national historic preservation program will encourage such efforts and, in fact, help to generate hundreds of millions of dollars in preservation activities.

Most of this activity has been carried on by the private sector, encouraged and guided by trained and professional staffs of the historic preservation offices of the various States.

Now, we learn, however, that the allocations upon which the States depended to carry out their federally mandated responsibilities are to be withdrawn.

Total cuts, as now proposed, will seriously undermine the ability of the States to provide the technical assistance so essential to a public engaged in preservation efforts. They will undermine tax act programs heavily dependent of their success upon a process of speedy certification of rehabilitation projects.

It is to me ironic that a conservative administration would prove so seemingly callous about the conservation of our Nation's architectural and cultural heritage.

It seems even more ironic that, during a period of economic distress, this same administration would eliminate a program remarkable for its success in generating new economic activity.

Thank you, Mr. Chairman.

PREPARED STATEMENT

Senator McCLURE. Thank you very much.

We appreciate your statement, and I recognize the difficulty with the budgetary changes proposed. We will review these closely.

[The statement follows:]

STATEMENTS OF ORIN LEHMAN

In response to the mandates of the Federal Historic Preservation Act of 1966, New York has established a comprehensive National Register program designed to identify and to protect historic resources. New York has important archeological resources dating back ten thousand years and including Iroquois, Algonquin, Seneca and Mohawk Indian territory. Through the periods of Dutch and British settlement until the present, New York is rich in evidences of the history, architecture and culture of the State's almost 18 million residents and those who have gone before them.

In New York, as in other states, State officials have been clear in telling us that the State cannot pick up the tab for responding to Federal mandates. This applies to programs such as Federally mandated historic and environmental review and compliance just as it does for other Federally mandated efforts. For the moment, New York's State Historic Preservation Office, like those in other states, works in partnership with the Federal Government at a cost to the Federal taxpayer of 50¢ for every dollar's worth of Federally mandated work we do.

Over the years, New York State has invested almost $10 million in State funds to match our Federal Historic Preservation Fund allocation. In a study, "Analysis of Impact on Federal Funding by Elimination of State Grants (HPF),"* even the U.S. Department of the Interior acknowledges that it would cost that agency much more to do the same job, and it could not do it as quickly or as effectively as the states. Furthermore, they could not do it within the context of a partnership, which is the epitome of what "New Federalism" should be.

Even more important, however, recipients of grants made from Federal Historic Preservation Funds have matched them again on the average of 2 to 1 but sometimes by as much as seven community or private dollars for every Federal dollar granted. Federal Historic Preservation grants have served as important stimulants for other kinds of financial investment and support.

The Administration's 1981 Economic Recovery Tax Act (ERTA) represents a powerful new tool for historic preservation. In New York where approximately 35,000 properties are now listed on the National Register, we estimate that more than 20,000 are or could become income-producing for Tax Act purposes. Public awareness of ERTA and its investment tax credits for historic preservation have led to an increase of 300% in inquiries concerning National Register designation since the Act's passage just six months ago. In urban areas, that interest is even greater. And we are finding it hard to satisfy that interest even though we have reassigned staff to respond to the demand for services that the Tax Act has stimulated.

As for the Tax Act itself, during the last three months in New York we have seen a 500% increase in requests for information and services over what we received during the same period a year ago when tax incentives were not so great.

Prior to the passage of ERTA, the New York State Historic Preservation Office had certified more than $120 million in Tax Act projects. Many of these were small--brownstones with one or two apartments, small stores on country town main streets. This $120 million contributed to the creation of some three thousand jobs--and supported three thousand taxpayers in just one state.

Today, the nature of Tax Act projects we are called on to certify has changed from what we were seeing two or three years ago. Today under ERTA

*"The totals...indicate that elimination of HPF grants-in-aid to States would not reduce direct Federal expenditures by the expected $21 million dollars. Instead, the approach whereby the Federal Government would perform needed technical services on an in-house basis would increase Federal costs by 18% and require a 10 times increase in FTE positions." Department of the Interior, National Park Service, Division of State Plans and Grants.

we are dealing with larger projects, many involving major buildings or complexes. In New York City on February 19, for example, the New York Times reported that a local developer will turn the old surplus Federal Archives Building into condominiums, a project involving some $52 million in private investment. (Attached) Also in New York the Barbizon Hotel will be rehabilitated at a cost to the developer of many millions of dollars--private dollars going into the revitalization of the city.

But not all the big projects are in big cities. In Cohoes, New York, for example, with a population of some 18 thousand, the old Ogden Mills Complex is being transformed into 115 apartments with a private investment in millions of dollars. Not only will new housing units be created, but the project will go a long way toward bringing people and activity back into the heart of that small community.

Staff costs for the certification of these tax projects are minimal, approximately $44 thousand Federal dollars each year or an average of about $340 per project. Staff costs involve some administration and processing but a majority of staff time is spent in working with owners and developers and their architects to ensure that historic preservation standards are served at the same time that private investment is encouraged. Small Federal dollars for staff for this program mean that we can attract and expedite projects and investment in the nation's economy--exactly what the Congress and this Administration are seeking to encourage.

Historic Preservation is also an important component of tourism in New York. The State's highly successful "I Love New York" campaign--realizing that history and architecture are among the major reasons tourists come to visit the State--will incorporate historic sites, major National Register historic districts and other historic attractions into their maps and promotional materials.

Let me tell you about historic preservation and tourism in one town. Saratoga Springs is a year-round community and, after a hiatus of many decades, an increasingly popular summer resort. Several years ago the city received $43,000 in grants from the Historic Preservation Fund (like all such grants, matched locally) for a downtown facade improvement program for the city's historic Broadway. The improved facades attracted more than $6 million in private investment to the area and, as a result, the city can show a five percent increase in the local tax base growing directly out of a few Federal dollars as a catalyst. But that isn't all. Because Saratoga is an attractive place to visit, more and more tourists are coming to visit its historic main street. During the summer of 1980, visitors to that area spent $1.3 million more than tourists just one year earlier. The result was $33,000 in local taxes for a three-month period, all part of the spin-off from a very small preservation investment.

The point here is that historic preservation helps communities help themselves. It promotes community revitalization, it gives communities pride in their present as well as in their past, it serves as a catalyst for private investment. In New York, we have an excellent National Register program and an excellent State staff which works to expedite Federal projects, to promote efficient planning, to use tools such as the Tax Act for encouraging private sector investment in historic preservation.

But no Federally funded staff means that all these efforts will have to be carried out by the Federal Government, if they are carried out at all. And, according to Interior's own study, at a greater cost to the Federal taxpayer.

Historic Preservation Programs, by their very nature embody the essence of the American tradition of making do with what you have. I urge you to give New York and other states the tools to continue this prudent, conservative program.

Today I would like to express deep concern over the proposed withdrawal of the federal government from its partnership with the states and localities for the benefit of both parks and historic preservation.

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Fortunately, previous administrations in Washington, Republican as well as Democratic, have viewed the rapid deterioration of aging parks as a problem to be confronted by the federal as well as by the state and local governments.

The matching federal grants and other aids helped the states and local governments in their efforts. They helped to slow, if not to halt completely, the rate of decline.

Now however, the present administration no longer recognizes any federal responsibility. It has not just cut supportive federal programs---it has eliminated them completely.

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STATEMENT OF WILLIAM C. LIENESCH, ASSISTANT DIRECTOR, NATIONAL PARKS & CONSERVATION ASSOCIATION

Senator McCLURE. The National Parks & Conservation Association, Mr. William Lienesch.

Mr. LIENESCH. I'm Bill Lienesch with the National Parks & Conservation Association. And I'd like to focus on the budget for the National Park Service.

In my testimony, there are several issues that are discussed. I'd like to focus on just three or four of those and take a look at them in terms of the State and the national parks and the issue of stewardship.

Over the past year, there's been a great deal said about proper stewardship of the national parks. By and large we agree with that concept. We have disagreed with some of the specific proposals about how best to do that. Thus far in the budget, with regard to stewardship, the focus has been on facilities. There's definitely a great need to improve the facilities, especially in the problems related to public health and safety.

But we believe that there has been inadequate funding and inadequate attention given to the natural and cultural resources, the basic resources for which the parks were established.

A couple of years ago the Park Service put out "The State of the Parks" report, which found many problems in the national park system with regard to the natural and cultural resources. The problems ranged from everything from urban encroachment on park borders to air and water pollution that may be generated, in some cases, hundreds of miles away, especially when you talk about air pollution.

And you have problems also within the borders of the parks. You have exotic animals, you have poaching of animals, poaching of cactus, and other plants that are very important resources in the parks themselves.

The budget this year does include some additional money to try and deal with these problems. But we believe that more money is needed and is needed in the near future. And therefore, what we would recommend is that a small portion of the money allocated in construction projects—we would especially urge you to look at the road construction projects as one that might be deferrable for a year, that some of that money be used instead for helping to mitigate some of these severe natural and cultural resource problems and also to do some of the basic research and data collection that is still needed in many of the parks.

That's one element of stewardship that we think is very important. We're not talking about large amounts of money. In this case, we're not talking about new money. We're talking about deferring some of the construction money for a while and using it instead on some resources.

A second issue with regard to stewardship that we think is very important—and quite frankly, we don't have a good answer for it—is that of personnel. If you look back at the history of the Park Service, since 1978 or 1979, the number of personnel have been going down at the same time that the number of acres and the number of visits—the use in the parks has been going up.

We also have seen the cancellation of the YACC and the YCC programs, which just has exacerbated that personnel problem. This budget proposes a net decrease I believe of 441 full-time equivalents for the coming fiscal year. And we would urge the committee to look closely at the personnel numbers to see if there's some way that additional personnel could be made available in some of the higher priority areas and, in part, related to resource management and mitigation problems that I talked about before.

The third and final issue with regard to stewardship that I'd like to address is that of land acquisition. We believe that there are still many projects where lands need to be acquired, in many cases because there are threats to those resources. And all of these lands are within already authorized park boundaries.

In many cases, there are projects that are very small that do not get a lot of attention that we think are very important. For example, this year is the centennial of the assassination of President Garfield. His home is available. Some land could be subdivided at a cost of $0.2 million. We think it would be a good project to do.

Similarly, the home of FDR has lands on it which could be subdivided at something like 440 units that could be on this parcel. It's $0.4 million. Again, it's a small project, but one which we believe is very worthwhile.

The subcommittee, of course, is familiar with many of the more expensive projects. And many of those, as mentioned in my statement, also need funding in this year.

Thank you.

Senator McClure. That you very much.

I apologize for the constrained nature of the time this morning. I have read your entire statement and we will contact you with respect to further information.

Thank you very much.

[The statement follows:]

STATEMENT OF WILLIAM C. LIENESCH

I am William C. Lienesch representing the National Parks and Conservation Association, located at 1701 18th St., N.W., Washington, D.C. 20009. I appreciate the opportunity to comment on the National Park Service budget request of $736 million for fiscal year 1983.

In early February, the House Subcommittee on Public Lands and National Parks held 3 days of oversight hearings on the state of the national parks. In these hearings, particular attention was given to the natural and cultural resources of the parks. Over 60 witnesses testified and each one of them discussed very serious resource problems. Among some of the most severe problems are control of exotic plants and animal species, air and water pollution, adjacent land development, incompatible uses, and overcrowding.

This testimony, of course, was not surprising. It reinforced the Park Service's own State of the Parks Report in 1980 that found: "The results of this study indicate that these threats are causing significant and demonstrable damage. There is no question but that these threats will continue to degrade and destroy irreplaceable park resources until such times as mitigation measures are implemented. In many cases, this degradation or loss of resources is irreversible. It represents a sacrifice by a public that, for the most part, is unaware that such a price is being paid."

The Park Service, unfortunately, has taken very little action to mitigate the resource management problems revealed by the State of the Parks Report, or even to document the many problems that are known but not scientifically proved. The fiscal year 1983 budget includes a small increase for natural and cultural resource preservation but almost none of this money is directed toward resolving the 38 natural or 63 cultural "minimum essential" servicewide priorities for significant resource problems (SRP's) as outlined in the NPA September 1981 Update Report on the State of the Parks.

RESOURCES MANAGEMENT

There are several aspects of this budget that we are particularly concerned about. The most important of these is the preservation of the natural and cultural resources that the parks were established to protect. The administration has stressed the need to be good stewards of the national park system. Unfortunately, it has focused its attention only on rehabilitating and repairing facilities and structures. However, good stewardship goes far beyond rehabilitating roads and buildings. Above all, it includes the preservation of the unique and diverse natural and cultural resources contained in the system.

CULTURAL RESOURCES

The recent state of the parks oversight hearings revealed some startling facts not previously considered by the Congress: "The state of the National Park Service collections, that is, the historic objects and artifacts number more than 10 million systemwide, but only 10 percent of them have been catalogued thus far. Although it will take many years to bring the Service's collections up to standards, we believe that immediate efforts must be made to increase their visibility and priority among park managers and to attack some of the most urgent problems with additional funds, personnel, and curatorial training programs. The importance of these collections goes well beyond their monetary and heritage value since they serve as important visual aids in interpreting our past as scientific tools for our scholars.

While numerous instances exist where collections in the system are in critical condition, two particular contrasting situations are depictive of conditions systemwide. The National Capital Region stores its collections at Union Station. As you might suspect, the environment within that facility is destructive of the books, objects, artifacts, and furnishings, including the 6,000-piece Lincoln collection which is stored there. By contrast, the Service's Western Archeological Center in Tuscon, Ariz., contains some 300,000 cubic feet of climate-controlled space, but has only utilized 12,000 cubic feet because of understaffing. Here is a modern facility capable of meeting the overwhelming needs of parks' collections within three Park Service regions but is not meeting the needs of even one. Most unfortunate, however, is the lack of knowledge about the condition of the collections now stored there, or even their numbers, as a basic inventory has not been done.

With an additional $100,000 the Western Archeological Center could hire additional personnel to begin the massive inventory of objects and to maximize the capabilities of that facility. Additional funds for the National Capital Region could provide climate-controlled facilities with 20,000 or more cubic feet of needed space. We would urge this committee to consider these needs.

PERSONNEL

Another issue about which we are very concerned is NPS personnel. It is often difficult to accurately assess whether an agency such as the Park Service, with several thousand employees really has an adequate number of personnel. It is especially difficult now when a new system of counting personnel is being instituted. Nevertheless, it appears very clear to us that the Park Service has some very serious personnel shortages and that the problems are getting worse. There are several different aspects to this overall problem. In some parks such as Olympic, Grand Canyon, and Golden Gate, there have been large reductions in personnel ceilings in the past few years. In other parks, as operating budgets have not kept pace with inflation and pay raises, there are insufficient funds available to hire the number of personnel provided by the ceilings. In the past, some parks have made up for personnel shortages in part with

Young Adult Conservation Corps and Youth Conservation Corps employees. These programs are being eliminated.

The effects of these personnel shortages, while varying from park to park, are serious and widespread. Virtually every aspect of the park operations is negatively affected—interpretive programs have been cut back, campground openings delayed, resource management functions left undone, and necessary studies needlessly delayed.

The obvious solution to all these problems is to hire substantially more personnel. At a time when the Federal workforce is shrinking this may not be realistic. Even if Congress were to provide more funding, the Office of Management and Budget could frustrate the intent of Congress through its control over personnel ceilings. We do not have a simple solution to the personnel problems. We would ask the subcommittee to give particular attention to this issue when the Park Service testifies later this year.

The termination of the Youth Conservation Corps is of particular concern to us. The youth employed in the program completed needed projects at low cost, lower than the Park Service could do using its regular employees. Last year Congress directed the Park Service to spend between $1 and $3 million to hire youth conservation employees. At a bare minimum, we would recommend at least $10 million for youth conservation employees out of operating funds in fiscal year 1983.

PLANNING

One of the most important of the Park Service's functions is planning. The Park Service has many planning responsibilities including general management plans, wilderness studies, rivers and trails studies, water resource studies, and new area plans. All of these studies are very important because they provide the information necessary for Congress and the Park Service to make the best possible decisions on the management and the future of the national park system. The studies, especially the general management plans, are also extremely important because it is the planning process through which citizens have a major opportunity to be involved in the future of the parks. Given all the threats facing the parks and the changes in management proposed by the administration, now is the time to increase public involvement, not decrease it. We recommend that an additional $1 million be spent on planning.

LAND ACQUISITION

We continue to be opposed completely to the administration's proposed funding levels for the Land and Water Conservation Fund. There continue to be many existing units of the park system that are threatened by adverse uses such as subdivisions inside authorized boundaries which force increasing land values. There are many others where a modest but continuing land acquisition program is needed. Among the many areas which deserve funding are the Appalachian Trail, Cuyahoga Valley National Recreation Area, Indiana Dunes National Lakeshore, Manassas National Battlefield Park, Olympic National Park, Rocky Mountain National Park, Franklin D. Roosevelt Home, and Santa Monica Mountains National Recreation Area. There are also many projects, including Lake Tahoe and the Pinelands, administered by other agencies that need funding in fiscal year 1983. It is also extremely important that the State matching grant program be funded. If the 1 year moratorium in funding were to continue, it would have a disastrous effect on the States. We believe that $400 million should be appropriated from the Land and Water Conservation Fund in fiscal year 1983.

Related to the LWCF is a very important personnel issue. The administration is proposing to reduce the NPS land acquisition staff by 77 full-time positions. If Congress were to agree with this proposal, there would be inadequate experienced staff in future years to carry out an acquisition program equal to that which Congress has supported on average in the last few years. We believe that it is critically important that there be sufficient funding for acquisition staff and recommend that no reduction in positions be allowed.

CONSTRUCTION

The administration is proposing a large increase in construction projects in fiscal year 1983 amounting to 42 percent over 1982. In past years, even when the funding was low, there were usually projects, especially those related to road building and visitor center, which were unnecessary or could be deferred. We would recommend that the subcommittee carefully review the construction budget so that funds proposed for unnecessary or low priority projects could be spent on more pressing resource management priorities in the national park system.

We would also like to comment on some other aspects of the proposed budget. The urban park and recreation recovery program and the historic preservation fund are targeted for elimination in fiscal year 1983. These two programs are extremely effective and very inexpensive in comparison to many Federal programs. The savings to be achieved by terminating these programs are very small when compared to the loss in terms of rehabilitation of urban recreation areas and preservation of historic strucutres and areas. We are recommending $20 million for UPARR and $30 million for the historic preservation fund.

We appreciate the opportunity to appear before the subcommittee and will be happy to answer any questions.

STATEMENT OF RONALD J. TIPTON, NATIONAL PARKS ISSUES SPECIALIST, THE WILDERNESS SOCIETY

Senator McClure. The Wilderness Society, Mr. Charles Cluson.

Mr. Tipton. Mr. Chairman, I am Ronald J. Tipton, national parks issues specialist for the Wilderness Society. I'm appearing on behalf of the Society to present their testimony today.

I've submitted for the record statements by Peter Kirby, head of our forest management project, on the budget request for the U.S. Forest Service, and Rebecca Water, our Alaska land specialist, and her testimony on the budget for the Federal lands in Alaska.

I will focus on two major aspects of the fiscal year 1983 budget request of the National Park Service, the park restoration and improvement program and the Land and Water Conservation Fund.

As the subcommittee is aware, the administration has asked for $191 million in money for Park Service construction for fiscal year 1983, $105 million of which is requested for the so-called PRIP program. Everyone agrees we should make the capital improvements that are necessary to meet basic life, health, and safety standards. That is not an issue with the environmental community. We do not argue with that.

What we are concerned about is that much of the PRIP money for fiscal year 1983 would go for road construction and other major capital improvements which are clearly not high priority, immediate needs, compared to some of the other things that are needed for this money.

During the last month, the House Public Lands and National Parks Subcommittee has held four day-long hearings on the external and internal threats to park resources. The record of those hearings is clear, and it is incontrovertible.

Unless serious attention is focused on mitigation and prevention of permanent damage to the natural and cultural resources in the parks by this administration and the Congress, serious damage will occur. For that reason, we are recommending significant funding out of the park restoration and improvement program to deal with the external and internal resource threats. We think money should be allocated to hire additional resource management staff. We think it should be allocated to pay for natural and cultural resource management needs already identified by the Park Service professionals in reports submitted to Congress.

We think money is needed to continue to expand air quality, acid rain, and other baseline research needs. And also, we think funds are needed to restore important cultural and historic facilites which are now being allowed to deteriorate.

We are concerned, Mr. Chairman, that unless this problem is addressed, we may well be left with first-rate plumbing systems and a second-rate park system.

As far as the Land and Water Conservation Fund is concerned, for the second consecutive year, the administation has not requested adequate appropriations for the fund to even pay for anticipated court awards during fiscal year 1983. The only new acquisition money included $3.8 million for national park in-holdings. The rest of the administration request would go to pay already expected or realized deficiencies in court awards.

Last year, Congress did appropriate significantly more than the administration requested. Yet, it was not nearly enough to cover all the high-priority acquisitions for any of the four agencies affected. Projects like the Appalachian Trail, the Santa Monica Mountains National Recreation Area, the Big Cypress, Biscayne National Park all need significantly more money than they received last year.

The Park Service Appalachian Trail protection effort, a project which I'm personally familiar with, received only $2.69 million, which it is almost certain to have spent completely before the end of this fiscal year. Yet, there are many willing sellers and a number of areas on the trail where one or a few tracts are needed to complete the trial corridor.

Our organization and 10 other major environmental organizations have recommended to the Congress, as part of an alternative budget proposal for the environment released this week, an appropriation of $400 million total for the Land and Water Conservation Fund. This number was not picked out of the air. Rather, it is based on countless hours of hard assessment by a number of organizations, the Trust for Public Lands, the Nature Conservancy, our organization, the National Parks & Conservation Association, the National Audubon Society, and many others. We used several criteria, including threats to the resource, need to continue acquisition for purposes of continuity, hardship, and amount of likely deficiency judgments.

We will make available to your staff and to others in the Congress a list of projects that we believe should be funded.

PREPARED STATEMENT

I would just complete my testimony by underscoring our organization's commitment and suport for the States' share of the fund. We hope that the language in the fiscal year 1982 Interior conference report, indicating the cutoff of State funds, is intended to be limited to 1 year, is accurate, and that funding is restored in fiscal year 1983. Many State park planning, acquisition, and development programs are likely to be eliminated if land and water funds are not appropriated for fiscal year 1983.

[The statement follows:]

STATEMENT OF RONALD J. TIPTON

Mr. Chairman and members of this Subcommittee, I am Ronald J. Tipton, National Parks Issues Spcialist for The Wilderness Society. I would like to testify today on two major aspects of the FY'83 budget request for the National Park Service: the Park Restoration and Improvement Program (PRIP) and the Land and Water Conservation Fund.

In our judgment, the Administration's requests for each of these programs cannot be defended. As you are aware, the Administration has asked for $191 million in money for Park Service construction, $105 million of which is requested for PRIP. Everyone agrees we should make the capital improvements necessary to meet basic life, health and safety standards -- that is not at issue. What we are concerned about is that much of the PRIP money would go for road construction and other major capital improvements which are clearly not high priority, immediate needs. There are at least $30 million in this request for road construction alone.

At the same time the Reagan-Watt Administration has virtually ignored the urgent need to institute important new programs to protect the natural and cultural resources of the parks from degradation. During the past month, the House Public Lands and National Parks Subcommittee has held four day-long hearings on the external and internal threats to park resources. The record of those hearings is clear and it is uncontovertible: unless serious attention is focused on mitigation and prvention of permanent damage to the natural and cutlural resources in the parks by the Administration and the Congress, serious damage will occur.

Yet Secretary Watt has no program for coping with this situation, in part because he doesn't understand the problem, and partly because he is not concerned about preserving anything but park facilities. It is very revealing of his real feelings about this subject that Secretary Watt has asked for almost no money to be spent from the PRIP program on resource threats mitigation and prevention.

We recommend that you spend at least $25 million of the request for Park Service Construction funds on resource threats programs. Funds are needed to:

- Hire additional resource management staff. The Park Service is woefully inadeequate in this area.

- pay for natural and cultural resource management needs already identified by Park Service professionals in a 1981 follow-up report to the 1980 State of the Parks survcy. In early 1981, NPS staff reviewed 266 "Significant Resource Problems" and put 63 of these in the "minimum essential" category. These at a minimum should be funded.

- continue and expand air quality, acid rain and other base-line research needs. A proposal by the Park Service to contract with the National Academy of Sciences for an assessment of NPS science and research needs should be funded in 1983.

- restoration of important cultural and historic facilities which are now being allowed to deteriorate.

We would encourage the Subcommittee to make an independent appraisal as to how the Park Service can best spend FY'83 funds on resource threats assessment, prevention and mitigation. Unless this problem is addressed now and priorities are rearranged, we may be left with a "first-rate plumbing system in a second-rate park system," to quote our Chairman, Gaylord Nelson.

The Land and Water Conservation Fund

For the second consecutive year, the Administration has not requested adequate appropriations for the Land and Water Conservation Fund to even pay for anticipated court awards. The Reagan/Watt request for the Fund does not include any new acquisitions except for $3.8 million for national park inholdings. This is not a budget request to be taken seriously.

Last year the Congress appropriated significantly more than the Administration request for the federal share of the Land and Water Fund, yet it was not nearly enough to cover all of the high priority acquisitions for any of the four agencies affected. For example, the Appalachian Trail, Santa Monica Mountains National Recreation Area, Big Cypress National Preserve and Biscayne National Park all needed significantly more money than they received. The Park Service Appalachian Trail protection effort, I project I am personally familiar with, received only $2.69 million, which it is almost certain to have spent completely before the end of this fiscal year. Yet there are many willing sellers and a number of areas on the Trail where one or a few tracts are needed to complete the Trail corridor.

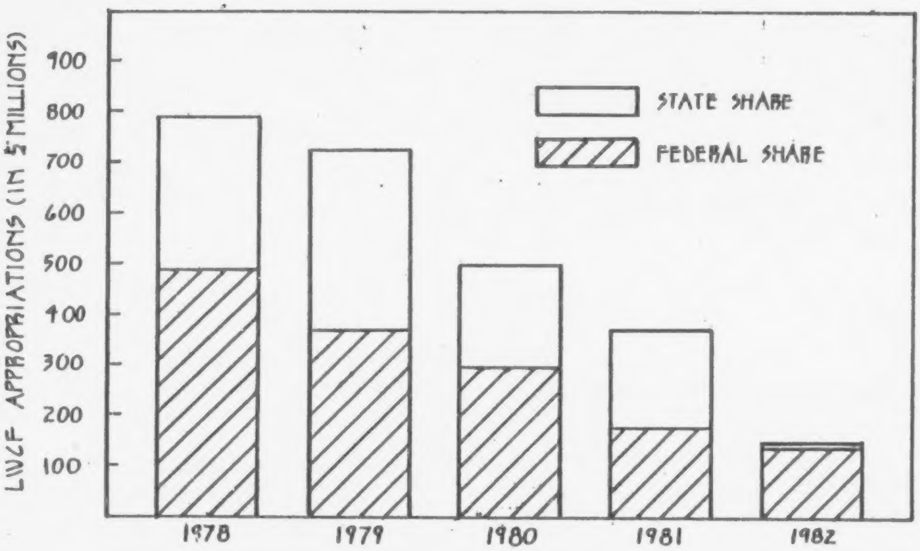
As part of its *Alternate Budget Proposals for the Environment*, which was released yesterday, The Wilderrness Society and 10 other conservation organizations have recommended an appropriation of $400 million for the Land and Water Fund. We did not simply pick this number out of the air; rather it is based on countless hours of hard assessment of Park Service, Forest Service, Fish and Wildlife Service, and BLM needs for FY'83. We based our assessment on several criteria, including threats to the resource, need to continue acquisition for purposes of continuity, hardship, and amount of likely dificiency judgments. The organizations who have carried out this analysis will make available to this Subcommittee in the near future a project list of our recommendations for federal acquisition in FY'83.

I have attached to my testimony a bar graph which displays the level of appropriations for the Land and Water Fund for the past five fiscal years. It is a starkly downward trend, and it indicates that Congress has been extremely conservative in making funds for the Land and Water Fund available. If we are to realize the noble objectives the Fund was set up to achieve, this pattern must be reversed.

The Park Service has an unappropriated backlog acquisition currently valued at $800 million -- $1 billion, not including Redwoods National Park. It would be good conservation and sound fiscal and government policy for this Subcommittee to appropriate $200 million a year for the next four fiscal years in order to virtually eliminate this backlog. We understand fully the difficulty of making this amount of money available in FY'83. Yet we also understand how important it is to protection of the National Park System for this to occur. In a time when new parks are not being authorized, it is important for the federal government to acquire and protect those areas it has already added to the system.

We would also urge the Subcommittee to adequately fund *administration* of National Park acquisition. The Administration's budget request for the Land and Water Fund identifies a 77-person Reduction-in-Force. This would mean that the acquisition staff for a number of projects would be greatly reduced or eliminated. This would in effect prevent these projects from being completed as Congress intended, and also would limit the ability of the agencies to work on manpower-intensive alternatives to fee acquisition such as land exchanges.

Finally, let me underscore our organization's commitment to and support for the State share of the Fund. We hope the language in the FY'82 Interior Conference report indicating the cut-off of state funds is intended to be limited to one year is accurate, and that funding is restored in FY'83. Many state park planning, acquisition and development programs are likely to be eliminated if Land and Water Funds are not appropriated for FY'83.



LAND & WATER CONSERVATION FUND APPROPRIATIONS

Senator McClure. Thank you very much. Have you taken a look at the road construction that you have mentioned here?

Mr. Tipton. For the National Park Service?

Senator McClure. For the National Park Service.

Mr. Tipton. We have looked at the Park Service budget justification document.

Senator McClure. At each individual road construction project?

Mr. Tipton. I have looked at the projects individually. I could not at this point say that this project is a higher priority than that one. Our sense is that some of those are clearly deferrable.

Senator McClure. Well, my understanding has been that in each instance they are related to some safety hazard that is, for example a deteriorating condition, railroad crossing, or blind corner. They are to upgrade the roads that are being heavily traveled to safety standards. If that is not correct, I would like to have the information.

Mr. Tipton. I think you're essentially correct. I would say, however, that I'm very familiar with the Skyline Drive, for which a large amount of the money would go. And I'm not an expert in the field, but I know they're requesting a great deal of money to restore and upgrade the southern end of the Skyline Drive. And I would be surprised if that's an immediate safety hazard. That road is in pretty good condition.

Senator McClure. I haven't been up there for a couple of years, so I'm not really familiar with it right now myself. But if it's anything like the streets in D.C., it's a safety hazard. [Laughter.]

Mr. Tipton. I assure you it's better than the streets in D.C.

Thank you.

Senator McClure. Mr. Edward Garvey.

While Mr. Garvey is coming up, I will indicate to the balance of the witnesses we have a problem. The Senator who is going to Chair starting at 10 o'clock has indicated an inability to be here. We're trying to find somebody who can Chair. But this chairman has to go and take a budget submission question before the Energy and Natural Resources Committee, which I also Chair.

I'll hear Mr. Garvey, then, we'll have to recess, pending the arrival of someone else.

STATEMENT OF EDWARD B. GARVEY, FALLS CHURCH, VA.

Mr. GARVEY. Thank you, Mr. Chairman.

My name is Edward B. Garvey. I'm from Falls Church, Va.

For a quarter of a century, I have been a volunteer activist on behalf of the Appalachian Trail. I'm testifying today on that part of the National Park Service appropriation request, dealing with acquisition moneys for that trail.

The figure that's been asked for by the trail conference and by the Wilderness Society and others for fiscal 1983 is $13.7 million. The person who is the next witness, David Startzell of the trail conference, can explain in more detail our authorization figure, what we've spent to date and so forth. And I will not dwell on that.

I would point out though for this subcommittee that the National Park Service had, with its preliminary estimates with the Secretary of the Interior, put a high priority on the Appalachian Trail and requested $20 million for fiscal 1983. That $20 million was deleted by the Secretary, and no money has been requested in the administration's budget for the Appalachian Trail.

Now, let me speak a little bit on the trail itself and where we stand. I can't speak for the other land acquisition activities, but for the Appalachian Trail, the total cessation of land acquisition activities at this time would be a minor disaster.

When the National Trails System Act was passed in 1968, it directed two departments of the Federal Government, Interior and Agriculture, to acquire the Appalachian Trail right-of-way. The Department of Agriculture, through its Forest Service, went right to work and has acquired something like 180 miles. There remain only 10 or 12 miles for that agency to acquire. They've done a tremendous job.

The National Park Service was very dilatory in getting into the acquisition act, and it was a full 10 years before they acquired the first tract of land to protect the right-of-way. Since that time, they've moved with commendable speed and have established three land acquisition offices. Over the past 3 years, they've purchased over 20,000 acres of land, thereby protecting some 173 miles of the right-of-way.

At the present time, the Appalachian Trail is 2,097 miles long, some 1,621 miles have been protected, and there remain 476 miles, or 23 percent of the entire trail still requiring protection.

The National Park Service, in its acquisition efforts to date, has used less than half of the $90 million authorized in the 1978 legislation. And the remaining acquisition can be achieved within the existing authorization.

Right now we're at a crossroads in our protection work. We have the three land acquisition offices staffed with acquisition specialists who are available to complete the protection program. Title search work has been completed on the entire trail. Selection of the ultimate route and engineering surveys have been completed substantially on most of the remaining matters. And the most important thing is that the negotiations with landowners have been developed at this point. Many of the parcels available for purchase and willing sellers are critical links in the trail route. If these links are lost, we must go through the time-consuming process of new route selection, engineering surveys, and landowner negotiations.

As Mr. Tipton pointed out earlier, the acquisition moneys made available for fiscal 1982 and prior years are now almost exhausted and will be completely exhausted during the new few months. We now have three-fourths of the trail completely protected, and it would seem disastrous to abort the protection program when almost all the major preliminary steps have already been accomplished.

In conclusion, I would like to say that, like Mr. Tipton who testified a few minutes ago, I am one of the fortunate people who have had the time and the good fortune to have hiked the entire trail in one year, 1970. I've written two books on the trail and scores of articles. And through my writing and lectures, I have preached to many thousands of people in my efforts to extol the beauty and solitude of this great natural resource and to seek help in ensuring its protection.

I am now 67 years of age, and it's been a consuming desire of mine for many years to secure complete protection of every mile of this trail for our children and generations to come.

PREPARED STATEMENT

And with just modest appropriations in the next few years, we can complete this entire protection program.

Thank you for letting me present this.

[The statement follows:]

STATEMENT OF EDWARD B. GARVEY

My name is Edward B. Garvey of Falls Church, Va. For over a quarter century I have been a member, a volunteer activist, and frequently an officer of various outdoor organizations in the eastern United States that have promoted and maintained hiking trails in general and the Appalachian Trail in particular. I am here today not as a representative of any one organization but as a private citizen and I address that part of the National Park Service budget request that deals with appropriations from the Land and Water Conservation Fund for acquisition of the remaining unprotected 476 miles of the Appalachian Trail. I am informed that the administration's budget provides for $69 million to be appropriated from the Land and Water Conservation Fund for all Federal agencies. Further, the $69 million would be used solely for costs of administration and for court awards for controversial land acquisition actions already in progress. No money has been requested for any further land acquisition. The Appalachian Trail Conference, the Wilderness Society, and other environmental groups are asking that this committee recommend an appropriation of $12.5 million—$12.5 million for direct acquisition plus $1.2 million for cost of administration; total $13.7 million—for Appalachian Trail acquisition for fiscal year 1983.

I cannot speak for other land acquisition activities but for the Appalachian Trail project the total cessation of land acquisition activities at this time would be a minor disaster. Let me explain. When the National Trails System Act was passed in 1968 it directed two departments of the Federal Government, Interior, and Agriculture, to acquire the Appalachian Trail right-of-way. The Department of Agriculture, through its U.S. Forest Service, promptly went to work and in the 13 years since passage of the Trails Act it has acquired all but 10–12 miles of the Appalachian Trail right-of-way in the eight national forests through which the trail passes. Interior, through its National Park Service (NPS) was dilatory in initiating its acquisition program and it was a full 10 years before the NPS acquired the first parcel of land to protect the Appalachian Trail right-of-way. But once started, the NPS moved with commendable speed. It established land acquisition offices in three States, New Hampshire, Pennsylvania, and West Virginia. In approximately 3 years it has purchased over 20,000 acres of land thereby protecting some 173 miles of the Appalachian Trail right-of-way. The Appalachian Trail is 2,097 miles long, some 1,621 miles have been protected, and there remain 476 miles or 23 percent of the entire trail still requiring protection. Of the 476 miles yet to be protected, the National Park Service is responsible for 209 miles. The NPS in its acquisition efforts to date has used less than half of the $90 million authorized in the 1978 legislation. The remaining acquisition can be achieved within the existing authorization figure.

We are not at the crossroads in our protection work. We have three land acquisition offices staffed with acquisition specialists who are available to complete the protection program. Title search work has been completed on the entire trail. Selection of the ultimate route and engineering surveys have been completed on substantially all of the remaining unprotected route. Negotiations have been completed with scores and scores of landowners who are willing to sell. Many of the parcels available for purchase from willing sellers comprise critical links in the trail route. If these critical links are lost through failure of timely purchase the time consuming and costly process of new route selection, new engineering surveys, new landowner negotiations must start over. The acquisition moneys made available in fiscal 1982 and prior years are now almost exhausted and will be completely exhausted during the current fiscal year. At the present time the States in which the protection problem is most critical are Virginia, Pennsylvania, New York, Vermont, and New Hampshire. If no acquisition money is made available for fiscal 1983 it is reasonable to assume that NPS acquisition specialists will gradually be terminated and the land acquisition offices ultimately closed down. It took the trail community almost 10 years to get the National Park Service involved in the congressional mandated Appalachian Trail protection program. With over three-fourths of the trail now completely protected it would be disastrous to abort the protection program when all of the major preliminary steps have already been accomplished.

In 1981 I authorized a comprehensive article on the Applachian Trail. It was published in the June 1981 issue of American Forests and I ask permission to have that article made a part of my written testimony.

In just 1 month from now some 300 people from all parts of the Nation and from a few foreign countries will assemble at Springer Mountain, Ga., the southern terminus of the trail, for the 2,100 mile trek toward Mt. Katahdin in north central Maine. Perhaps 125–150 of them will make it all the way. They will be but a few of the 4 million people who are estimated to hike on at least some part of the trail each year.

In conclusion I would add that I am one of the fortunate few who has had the time and the good health to have hiked the entire trail in one year (1970). I have written two books and scores of articles on the trail. Through my writings and lectures I have reached many thousands of people in my efforts to extoll the beauty and solitude of this great natural resource and to seek help in assuring its protection. I am 67 years old and it has been a consuming goal of mine to secure complete protection for every mile of the trail before I pass from the scene. With just a little help from the Congress in the form of modest appropriations for the next few years that goal could easily be realized.

Thank you for permitting me to present my testimony.

Senator McClure. Thank you very much, Mr. Garvey.

I've supported this program for a good many years, and I hope we'll be able to continue the acquisition program. I think we'll have to redouble our efforts for outside assistance, as well as appropriations. Unfortunately, the budget is in that kind of condition these days. With $1 trillion debt and double-digit interest rates, it seemed incapable of coming down.

Mr. GARVEY. I understand, sir.

Senator McCLURE. With unemployment spreading across the land, we simply can't do all the things we've been trying to do.

Mr. GARVEY. I understand. I know it's a question of priorities.

Senator McCLURE. It's a very, very difficult question for us. And I appreciate your concern and your willingness to testify here today.

Thank you.

For the remaining witnesses here this morning, we do have another Senator who will be here a little later. He cannot come right now.

I would invite those of you who are willing to do so to file your testimony, rather than waiting to testify. If, on the other hand, you wish to wait and have the opportunity to testify, there will be someone here, I hope before too long, to Chair. But I have to go Chair another hearing, and unfortunately have no choice at this time except to recess the hearing, pending the arrival of another Chair.

[A brief recess was taken.]

STATEMENT OF DAVID STARTZELL, APPALACHIAN TRAIL CONFERENCE

Senator BURDICK [presiding]. Our next group is the Appalachian Trail Conference. I believe David Startzell is the witness.

Mr. STARTZELL. Good morning, Mr. Chairman. My name is David Startzell. I'm associate director of the Appalachian Trail Conference. I wish to testify in support of appropriations for the National Park Service and the U.S. Forest Service for Appalachian Trail land acquisition in fiscal year 1983.

The Appalachian Trail Conference, sir, is a private, nonprofit organization composed of about 14,000 members. It has 60 hiking and outing clubs, and has constructed and maintained the Appalachian Trail for about 60 years. The trail itself is a permanent footpath in the Appalachian chain from Maine to Georgia for a distance of approximately 2,100 miles.

It passes through 14 States, eight national forests, six units of the national park system, and approximately 60 public land areas. It serves about 3 to 4 million visitors each year. It is reasonably accessible to virtually every major population center in the eastern United States, and it's probably the best-known hiking trail in the world.

In 1978, the Congress provided a strong mandate for Federal protection of that trail and adjacent resources. It directed the Secretary of Interior to substantially protect the trail within 3 complete fiscal years, and it authorized $90 million for that purpose. Since that date, both the Park Service and the Forest Service, as well as the States have made considerable progress. For example, about 98 percent of the planning is now completed on the 830 miles that were unprotected in 1978, and about 90 percent of those land areas are in the survey process. About 85 percent are appraised or entering the appraisal process, and about 40 percent have been acquired.

In terms of Federal land acquisition, the National Park Service has now acquired almost 50 percent of the areas for which they are responsible. The Forest Service has acquired about 93 percent. Nevertheless, there is much work remaining. We have about 465 miles of trail yet to protect, about 200 of those miles will require Federal land acquisition with the balance being provided by the States.

Although we would prefer to see all this land area purchased in fiscal year 1983, which again would be consistent with the original act, and although we believe that they could be purchased at a cost well below the authorization level, we recognize the constraints of the budget at this time. We are, therefore, proposing a program involving about half of those miles, purchases of about 100 miles by the Park Service and the Forest Service in fiscal year 1983.

That list of acquisitions is composed of areas which we consider to be critical to the resource quality along the trail. I can best illustrate that, sir, with a map, if I may again approach the desk.

This is a fairly typical section along the trail. This happens to be Catawba Mountain near Roanoke, Va. The trail is presently located along North Mountain, a rather poor route, involving road crossings and the like. We've sought to relocate the trail onto its original location on Catawba Mountain. It provides probably some of the most highly scenic panoramas in the entire State of Virginia. The areas that you see in green have already been acquired for this purpose here. The areas in red are remaining to be acquired. We've already invested about $1.6 million in this stretch. It will require $104,000 to complete. If funds are not available to purchase those missing gaps, we cannot construct the trail. And the lands we've already purchased for it, in effect, would be wasted.

I submit, sir, that is not only pound foolish, but I doubt that it's even pennywise.

In any case, many of the acquisition areas that we are proposing for fiscal year 1983 are very similar to this situation. There are gaps in areas where we have already made major investments in dollars and in time. Altogether, we are proposing a program involving $13.78 million for the National Park Service and $1.36 million for the U.S. Forest Service. The latter will enable the Forest Service to complete all of the remaining Trail acquisition within National Forest boundaries.

Thank you, sir.

PREPARED STATEMENT

Senator BURDICK. Thank you very much. We will include your statement in the record.

[The statement follows:]

STATEMENT OF DAVID N. STARTZELL

The Appalachian Trail Conference is a private, nonprofit, educational organization composed of approximately 14,000 members as well as over 60 hiking and outing clubs representing an estimated 60,000 individuals. For fifty-seven years the Conference has coordinated both public and private efforts to develop, maintain, and preserve the Appalachian Trail for the benefit of millions of Americans. On this occasion and on behalf of the Appalachian Trail Conference, we wish to testify in support of FY'83 appropriations for Appalachian Trail land acquisition by the National Park Service and USDA Forest Service. For the reasons described below we respectfully request an FY'83 appropriation of approximately $13.78 million for the National Park Service and approximately $1.36 million for the U.S. Forest Service.

Resource Characteristics: The Appalachian Trail is a continuous, marked footpath which traverses the Appalachian mountain chain from Maine to Georgia for a distance of approximately 2,100 miles.

Throughout its distance, the Trail provides a slender thread linking more than sixty public land areas in fourteen states, eight National Forests, and six units of the National Park System. Moreover, virtually every mile of the Trail is within easy access of a major population center, and some portion of the Trail is within a day's drive of one half of the population of the United States.

By virtue of its location and extent, the Appalachian Trail thus provides opportunities to traverse and experience countless wild, scenic, and pastoral settings for an estimated 3-4 million visitors each year. It also affords an opportunity for continuous, long distance hiking that is perhaps unparalleled throughout the world.

Legislative Background: In 1968, Congress enacted the National Trails System Act which designated the Appalachian Trail as one of the first National Scenic Trails. At the time of enactment, Congress recognized the "unique recreational opportunities afforded by the Trail as well as the growing development activities which threatened the continuity of trail route. The act therefore provided for a Federal responsibility to protect the Trail, including the authority to acquire a permanent right-of-way." (Senate Report No. 95-636). Regrettably, a relatively insignificant level of funding was authorized for this purpose and even lesser amounts were actually appropriated.

By 1977, Congress acknowledged that inadequate funding, together with insufficient activity on the part of responsible federal and state agencies, had contributed to significant deterioration of many miles of the Trail due to incompatible development and land use practices. As the Committee on Energy and Natural Resources noted:

> "Over 650 miles of the Trail remain in private hands and changes in ownership and increasing pressures for development pose threats to the continuity of the Trail in numerous instances. Approximately 180 additional miles of the Trail are now located along roads, providing no real hiking experience, but only a link between disconnected segments of the trail."

Congress concluded that...

> "experience with the Trail has demonstrated...that additional authority is needed to insure the acquisition of a corridor sufficient to protect trail values. Similarly, an increase in the funding authorized for the Trail will be necessary to purchase a sufficient route through the areas which are now unprotected." (Senate Report No. 95-636).

As a result, in 1978 Congress enacted amendments to the 1968 Act in the form of PL 95-248. The Act provided: 1) the authority to purchase lands or interests in lands for Trail protection purposes, including the right to exercise eminent domain within a corridor averaging 125 acres per mile; 2) an authorized funding level of $90 million or $30 million for each of three fiscal years ('79, '80, and '81); and 3) a mandate to the Secretary of the Interior to insure substantial protection of the Trail within three complete fiscal years.

Appropriations Background: Since 1978 appropriations for Appalachian Trail land acquisition have represented only approximately 48 percent of the levels authorized under PL 95-248. Specifically, the National Park Service has received: $12.5 million in FY'79, $14.3 million in FY'80, $8.5 million in FY'81, and $2.69 million in FY'82*. During this same period the USDA Forest Service received $2.0 million in FY'81, and $2.12 million in FY'82.

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*The National Park Service Appalachian land acquisition program also received an apportionment of $1,146,534 from the Acquisition Management Account under the Land and Water Conservation Fund in FY'82.

Acquisition Progress: In spite of the above funding limitations, the National Park Service, the U.S. Forest Service, and a number of states, including Maine, Massachusetts, New York, New Jersey, Pennsylvania, Maryland and Virginia, have made significant progress in planning a protection corridor for the Trail and in acquiring lands or interests in lands within this corridor. For example, of the approximate 830 miles of the Trail that were unprotected in 1978:

- A permanent route and protection corridor has been designed for 815 miles or 98 percent of these areas;
- Surveys have been contracted or completed for 745 miles or 90 percent;
- 713 miles or 85 percent of these lands have entered the final stages of land acquisition, including title research and appraisal;
- And more than 342 miles or 40 percent have been acquired;
- Overall, approximately 1617 miles or 77 percent of the Trail is now permanently protected.

A more complete summary of acquisition progress by agency and by state appears in Table I (attached).

Project Characteristics: Much of the success of the Appalachian Trail protection program is attributable to a variety of characteristics that have resulted in substantial cost-savings.

- A partnership approach to land acquisition is a critical and cost effective characteristic of the Trail project. For example, various states along the Trail have assumed the responsibility for acquiring about 30 percent of the necessary land areas. Participation by local government units has provided protection over municipal-owned lands through cooperative agreements. In addition, the involvement of many private organizations in the planning and negotiations process has led to reduced pre-acquisition costs and a number of donations or bargain sales.
- Flexibility in defining acquisition boundaries and substantial consultation with affected landowners has greatly reduced the need to purseu costly condemnation proceedings. For example, out of a total of approximately 612 land transactions, the National Park Service has been forced to use eminent domain in only 15 instances or about 2.5 percent of the cases. The experience of the U.S. Forest Service in this respect has been even more favorable.
- Use of alternative acquisition devices has also resulted in significant cost savings. For example, the National Park Service has purchased more than 100 easements at less than fee simple value. Additional use has been made of donations, bargain sales, cooperative agreements and a limited number of exchanges.
- Volunteer management has been a fundamental characteristic of the Appalachian Trail project for more than 50 years. We estimate that volunteer Trail construction and maintenance programs alone result in a savings in excess of $1 million annually to public agencies. Other volunteer-based activities, including shelter and bridge construction, caretaker and ridgerunner programs, boundary monitoring programs, and visitor education services, result in even greater cost savings.

Funding Requirements: Although considerable progress has been made in the Appalachian Trail land acquisition program, more than 465 miles of the Trail remain to be protected. Within these areas, the National Park Service and U.S. Forest Service are responsible for protecting approximately 48 percent or 225 miles. We estimate that, given total appropriations in FY'82 of $4.81 million, together with a carry-over of about $2 million in FY'81 funds, these agencies will protect an additional 83 miles of the Trail by the close of FY'82. We further estimate that the balance of 142 miles to be protected after FY'82 through federal land acquisition can be acquired for approximately $25 million. The total estimated cost of federal acquisition for the Appalachian Trail would thus equal approximately $70 million, or some $20 million below the authorization level.

In view of the advanced state of planning and preacquisition work, we believe that federal land acquisition of these remaining areas in FY'83 is both feasible and cost effective. Nevertheless, we recognize the current constraints on federal spending. We have therefore identified acquisition areas that are critical, from the standpoint of resource protection and Trail continuity, and that we believe must be purchased in FY'83. These areas are summarized in Table II (attached) and would necessitate the following FY'83 acquisition programs for the National Park Service and the U.S. Forest Service:

- National Park Service - Protection of an additional 94 miles (12,150 acres) along the Trail in the states of New Hampshire, Vermont, Massachusetts, Connecticut, New York, Pennsylvania, and Virginia, at an estimated cost of $13.78 million.

- USDA Forest Service - Protection of approximately 5 miles (1,500 acres) along the Trail within national forest boundaries in the states of New Hampshire, Vermont, Virginia, Tennessee, North Carolina and Georgia, at an estimated cost of $1.36 million. These purchases would complete all remaining Trail acquisitions in the national forests.

The Appalachian Trail is an extraordinary natural and recreational resource, but it is also an unusually fragile resource. The continuity of the Trail can be shattered at any point along its 2,100-mile length. Incompatible development can significantly influence the experience of the Trail user within the relatively narrow protection corridor. And the loss of even a single parcel of land can adversely affect many miles of the Trail. We therefore respectfully request the Congress to appropriate the necessary funds to continue the permanent protection of the Trail.

TABLE I

APPALACHIAN TRAIL PROTECTION PROGRESS

		. PROTECTION RESPONSIBILITY														
		STATE					NATIONAL PARK SERVICE					U.S. FOREST SERVICE				
	TOTAL MILES	PROTECTED BEFORE 1969	PROTECTED 1969 THRU FEB. OF 1978	PROTECTED MAR. 1978 TO PRESENT	TRAIL TO REMAIN ON ROADS	TO BE PROTECTED	PROTECTED BEFORE 1969	PROTECTED 1969 THRU FEB. OF 1978	PROTECTED MAR. 1978 TO PRESENT	TRAIL TO REMAIN ON ROADS	TO BE PROTECTED	PROTECTED BEFORE 1969	PROTECTED 1969 THRU FEB. OF 1978	PROTECTED MAR. 1978 TO PRESENT	TRAIL TO REMAIN ON ROADS	TO BE PROTECTED
MAINE	291.0	26.4	14.0	41.2	1.9	207.5	-	-	-	-	-	-	-	-	-	-
NEW HAMPSHIRE	141.0	8.8	-	-	-	0.5	-	-	23.0	1.0	21.8	76.4	4.8	4.3	-	0.6
VERMONT	127.1	3.0	-	-	-	-	-	-	10.0	-	43.1	34.0	30.8	6.2	-	0.1
MASSACHUSETTS	75.0	27.5	-	8.6	8.4	14.0	-	-	14.0	-	2.5	-	-	-	-	-
CONNECTICUT	43.5	2.6	-	5.9	-	-	-	-	9.2	-	25.8	-	-	-	-	-
NEW YORK	94.1	29.0	-	3.2	-	2.0	-	-	44.7	3.3	11.9	-	-	-	-	-
NEW JERSEY	66.8	18.2	-	22.9	-	1.1	24.6	-	-	-	-	-	-	-	-	-
PENNSYLVANIA	215.2	90.7	11.7	5.1	3.4	0.7	3.0	-	31.3	1.9	67.4	-	-	-	-	-
MARYLAND	40.9	8.6	11.6	8.5	2.1	8.6	1.5	-	-	-	-	-	-	-	-	-
VIRGINIA	533.3	6.6	8.4	3.6	1.3	4.7	111.9	2.9	51.1	0.1	34.6	235.3	62.0	6.4	-	4.4
VIRGINIA/ WEST VIRGINIA	20.4	0.6	-	0.2	-	2.0	-	-	15.5	-	2.1	-	-	-	-	-
NORTH CAROLINA/ TENNESSEE	360.3	-	-	-	-	-	68.7	-	-	-	-	196.6	58.0	27.1	-	10.7
GEORGIA	78.1	-	-	-	-	-	-	-	-	-	-	77.4	0.4	0.3	-	-
TOTAL	2087.0	222.0	45.7	99.2	17.1	241.1	209.7	2.9	198.8	6.3	209.2	619.7	156.0	44.3	-	15.8

TABLE II

APPALACHIAN NATIONAL SCENIC TRAIL
PRIORITY ACQUISITIONS
NATIONAL PARK SERVICE

STATE	PROTECTED FY'78-FY'81			FY'82			FY'83		
	ACRES	MILES	DOLLARS	ACRES	MILES	DOLLARS	ACRES	MILES	DOLLARS
MAINE	-	-	-	-	-	-	-	-	-
NEW HAMPSHIRE	4,142	20.43	1,887,312	936	8.18	479,000	2,033	14.83	907,000
VERMONT	726	5.97	627,441	1,202	12.43	731,400	1,991	25.97	2,659,000
MASSACHUSETTS	2,535	13.64	2,133.095	363	1.82	106,500	39	.15	14,000
CONNECTICUT	1,848	8.82	3,348,148	372	4.38	1,032.500	917	6.05	2,023,000
NEW YORK	5,516	41.36	7,052,399	797	6.77	533,640	363	4.32	695,000
NEW JERSEY	-	-	-	-	-	-	-	-	-
PENNSYLVANIA	2,631	15.06	7,031,493	2,088	20.78	992,890	3,074	27.56	2,825,000
MARYLAND	-	-	-	-	-	-	-	-	-
WEST VIRGINA/ NORTHERN VIRGINIA	1,803	14.70	2,083,094	109	.98	-	189	.06	173,000
VIRGINIA	5,561	37.20	8,987,909	1,840	16.49	961,070	3,544	14.81	4,450,000
TENNESSEE/ NORTH CAROLINA	-	-	-	-	-	-	-	-	-
GEORGIA	-	-	-	-	-	-	-	-	-
TOTAL	24,762	157.18	33,150,891	7,707	71.83	4,837,000	12,150	93.75	13,775,000

STATEMENT OF W. GRANT BROWNRIGG, DIRECTOR, THE AMERICAN COUNCIL FOR THE ARTS

Mr. Brownrigg. Mr. Chairman, my name is Grant Brownrigg, director and chief executive officer of the American Council for the Arts, a national organization seeking to strengthen support for the arts around the country. I am testifying in opposition to the administration's proposal that the budget for the National Endowment for the Arts be reduced to the $100 million level. We are testifying in favor of a $160 million range for the National Endowment for the Arts.

Speaking for an organization that has as its members and its board—that includes artists, arts organizations, arts patrons and community people, we believe that the arts do contribute a great deal to the life of this country, to the well-being of its citizenry, to its economic and strategic importance.

We also feel that the current level of support, which in terms of the arts budget, represents some 5 percent of the average arts budget, is small by any standards. In terms of the Federal budget, it represents less than two one-hundredths of 1 percent of the entire Federal spending. That's a very small amount, indeed. Far too small for the importance of the arts, yet the administration proposes to reduce further the budget for the Endowment, despite the fact that the arts are a stimulative industry, foster creativity, and contribute greatly to the local economy. Despite the fact that the arts are a very small percentage of the budget, and even within the proposal of the administration, the proposal is to reduce the challenge grant program, the most stimulative of all, by 50 percent. This from an administration dedicated to stimulating private giving.

Furthermore, the only item to be increased in the Endowment's budget proposal is administration. This from an administration dedicated to reducing the Federal bureaucracy.

If we look at the arts themselves, clearly the $158 million level of last year would not be sufficient to meet the needs and importance of the arts. Even so, the arts, we think, are willing to be considered and ought to be considered part of the general society and to be subjected to the same economic scrutiny as other activities in society. Yet by the same token, a 30-percent additional reduction this year for the arts, we think, is punitive by any standards.

It is clear from testimony this year, last year, and media stories and private conversations, that business cannot and will not be able to pick up the shortfall caused by the decrease in Government spending. Even if business were able to do so, I think that the change in the type of funding would be dramatically different. The concerns of business and the contacts within which that funding is made is quite different than that for Government.

The impact of these reductions we feel would be serious for the arts, for society, for the country. Yes, certainly, there will be some arts organizations and some artists, but there will be less. The arts, in a sense, will become strategic enclaves of culture. There'll be less exposure, less education, less outreach. There'll be less arts organizations, less cultural heritage. Emphasis will be on what is produced in the arts. It will be on what is safe and saleable, rather than what is art.

Furthermore,the loss of what is not done would be enormous. I'd like to quote the words of Max Apple in this regard.

> Every time a true writer gives up, there is a spiritual loss that will never appear as a statistic but will, in the course of time, erode our language, our hopes, and finally our capacity to imagine ourselves as we ought to be.

Spread across all the arts, that is too high a price for us or this country to pay.

We respectfully urge this subcommittee and the Congress to reject the administation's recommendation for a further decrease in the budget for the National Endowment for the Arts, and also oppose the elimination of the Institute of Museum Services and reduction of funding for the National Endowment for the Humanities. All of these together contribute greatly to our Nation's heritage.

Thank you.

PREPARED STATEMENT

Senator BURDICK. Thank you. We will place your statement in the record.

[The statement follows:]

STATEMENT OF W. GRANT BROWNRIGG

Mr. Chairman and members of the Subcommittee, my name is W. Grant Brownrigg. I am the Director and Chief Executive Officer of the American Council for the Arts, a national organization working to promote and strengthen the arts in this country. My testimony is in opposition to the Administration's proposal that the budget for the National Endowment for the Arts be reduced to the $100 million level. It is our recommendation that the Endowment be funded in the $160 million range.

Rationale for Federal Support

I believe it is in the best interests of this nation that the Federal government provide reasonable support for the arts. I believe that the arts do contribute "life, liberty, and the pursuit of happiness" and do help to "promote the general welfare." They do so in a variety of fashions:

1. In the first place, the arts have a significant impact on the human spirit, an effect so personal it is difficult to describe. Art stirs us and inspires us like nothing else. It adds to our well-being, it makes us better people and better citizens. I think the welfare and the well-being of the general citizenry is an appropriate concern of the Federal government.
2. I also think that this government must be concerned with the disadvantaged in our society - the elderly, the poor, the oppressed. I think the government must make sure there is reasonable opportunity for the unfortunate in our society to have some exposure to, some experience with, the arts.
3. Recent serious concerns with the apparent decline in this country's productivity show the need for more arts support not less, show what can happen when art is considered the first thing to be cut from a school budget, not an integral part of the curriculum.

   In this respect, art is vitally important to the future of this country, both economically and strategically. The problem is that art seems postponable - we can always take care of it later, we can always correct the situation with a massive "quick fix." Ongoing government support is a way of helping avoid such a short-sighted attitude and helping to ensure a productive and creative future for this nation.
4. Moreover, I think as far as the future is concerned, that the Federal government must be concerned with what we leave to future generations, our heritage. Culture - the arts and humanities - is certainly an integral part of that heritage.
5. Federal support for the arts has had an important stimulative effect on private support. For example, over the years since the establishment of the Endowments, business support of the arts has increased over twenty-fold. Laying on of hands, "good citizenship awards" for the arts, are not enough, despite what some people say. It is the Federal government's commitment to the arts as shown by hard-dollar contributions, which has been an important catalyst for private giving.
6. Finally, if the arts were viewed in an economic light - as an industry that employs thousands of people, that is not a drain on the economy but a stimulus to it, that enhances rather than pollutes our environment, that makes us better people - would not the government's attitude be supportive? I think the answer is yes.

Level of Government Support

As I have indicated, the arts are important to this country and should be supported by the federal government. But neither I nor anyone else in the arts think they should be fully or even heavily subsidized. No-one in the arts is looking for a free ride ... and no-one is getting it. The majority of the arts budget is being earned through ticket sales and other means. Federal support constitutes a very small percentage of the arts budget - on average, far less than 10% of total revenue.

Federal support is a very small but very important percentage. When you have no resources to fall back on, when your income is stretched taut across rock bottom expenses, it is the difference between making it ... and snapping. It can be the difference between bearable and unbearable pressure for organizations large and small. Its presence can be a catalyst for private support, increased earnings, and growing strength. Its absence can be a catalyst for a downward spiral of less, ever less.

As far as the federal government is concerned, the arts should be one of this nation's priorities - not the first one, but one of them. By any terms, current federal support for the arts is only a modest fraction of the entire budget - less than two one-hundredths of one percent of all Federal spending this year went to the National Endowment for the Arts. That's a smaller proportion than is true for any state government and its arts agency ... except for New Hampshire and Iowa. If a family with $10,000 income per year spent the same proportion on the arts, it would be spending just over 16¢ per month - a pitifully small amount to pay for an item of such importance.

Proposed Reductions

Yet despite this miniscule degree of support, the Administration is recomending that funding for the National Endowment for the Arts be reduced again - another thirty percent in addition to the 10% cut given last year. The proposed budget and its major categories constitute a recommendation that seems to defy all logic:

- If you want to stimulate the economy, why reduce support for the activity which does the most to foster creativity?
- If you want to reduce the budget, why do so by concentrating on the smallest line items?
- If you want to encourage private giving, why cut the most stimulative of the Endowment's Programs - Challenge Grants - by half?
- If you want to decrease the Federal bureaucracy, why make "Administration" the only category in the entire NEA budget to be increased?

It is true that when you look at the needs of the arts alone and what is sacrificed by not fully supporting them, it becomes quite clear that even last year's level of $158 million is inadequate. But it is also true that the Arts, as an integral part of society, are not exempt from the scrutiny being given to Society as a whole in times such as these. Even so, to cut the arts 30% is inequitable and punitive by any standards.

Business Support

Periodically, we hear comments on the part of various Administration officials that the business community will pick up the shortfall in the arts budget if the federal government reduces its support. Business representatives, however, have consistently pointed out that this cannot happen. In testimony last year, in interviews, and in private, the reaction by business has been nearly unanimous: the business sector cannot fill the proposed funding gap in the arts - it will not happen.

Moreover, to shift government's financial responsibility in the arts to the business community would substantially change the type of funding being received. Business funds the arts for different reasons and in a different context than government. For example, companies emphasize what the arts do for their plant areas, they focus on management, they are interested in visibility. Government, with its system of panels, seeks to fund those applications which will have an impact on the public and on the arts disciplines themselves. Business support, in other words, is a different kind of support than government funding. One cannot be substituted for the other, not without severe consequences.

Impact of Reduction

If the Administration's reduction were to be carried out, I think the results would be serious for the arts and for this country. Yes, there will still be art and there will still be artists, but there will be far less opportunity for anyone but artists to experience the arts. The arts will, in a sense, move into a system of strategic enclaves for culture. There will be less outreach, less education, less exposure. There will be less arts organizations, and our cultural heritage will be diminished. The emphasis in what is produced will be on what is safe and saleable. Furthermore, the loss of what is not done will be enormous. In the words of Max Apple,

> "Every time a true writer gives up, there
> is a spiritual loss that will never appear
> as a statistic but will, in the course of
> time, erode our language, our hopes, and
> finally our capacity to imagine ourselves
> as we ought to be."

Spread across all the arts, that is too high a price for us or this country to pay.

We respectfully urge that this Subcommittee and the Congress reject the Administration's recommendation for a further decrease in the budget for the National Endowment for the Arts. We also oppose the elimination of the Institute pf Museum Services and the reduction in funding for the National Endowment for the Humanities. These also contribute greatly to our nation's cultural activities and should like the National Endowment for the Arts, be funded at a level no less than last year's.

Thank you for the opportunity of appearing before this Subcommittee and of sharing our views on the importance of Federal support for the arts. We at the American Council for the Arts would welcome an opportunity to assist you in any appropriate way during the course of your deliberations.

STATEMENT OF CHARLES McWHORTER, AMERICAN ARTS ALLIANCE, REPRESENTING THE AMERICAN SYMPHONY ORCHESTRA LEAGUE, OPERA AMERICA, THEATRE COMMUNICATIONS GROUP, INC., AND DANCE

Senator BURDICK. The next group will be American Arts Alliance. Mr. Charles McWorter, representing the American Symphony Orchestra League, OPERA America, Theatre Communcations Group, Inc., and Dance.

Mr. McWHORTER. Thank you, Mr. Chairman. My name is Charles K. McWhorter. I'm here this morning as the representative of the American Arts Alliance. I've left copies of the statement from the American Arts Alliance to be entered into the record.

I'm here speaking personally in the context of my former membership as a member of the National Council on the Arts for 6 years for the period 1970 to 1976, and as a member of the "Dance" panel of the National Endowment for the Arts for 3 years during the period 1976 to 1978. I am currently president of the Ballet Theatre Foundation, and I also serve as member of the board of trustees of the Alvin Ailey Dance Co. and the Interlochen Center for the Arts.

My comments this morning are directed to what I regard as the necessary framework for considering the appropriate levels of Federal funding for the arts and the responsibility of the Federal Government in working with other levels of the Government and the private sector in this field.

With a new administration now installed in Washington, the Nation is adjusting to new priorities which impact on all aspects of American life. President Reagan and leaders of both Houses of the Congress have recognized the importance of strengthening our defense establishment in the face of the massive buildup of Soviet armaments which has taken place in recent years. This consensus in favor of increased expenditure for armaments takes place at the same time there is a widespread recognition of the importance of bringing Government expenditures into balance with Government revenues in an effort to reduce the evil effects of inflation and high interest rates. As a result, the administration and the Congress have been forced to make major reductions in the funding of many nondefense areas of Government. At the same time, the administration has advanced economic and tax programs which are intended to revive our national economy and provide increased productivity and levels of employment.

Thus we have a new and drastically revised balance of the various programs of Government, and this new balance is likely to remain substantially unchanged for several more years.

This necessary shift of national priorities in favor of increased military spending and corresponding reduction of nonmilitary programs is not without some important risks and dangers which must be recognized and dealt with effectively, if we are to avoid a radical and unfortunate shift in our national character and purpose. The primary purpose of America and our free society is not to support ever-increasing armaments any more than cities exist to support police or fire departments.

All of these things may be necessary to insure survival and protection for our Nation and our community, but our real achievements as a Nation and in our communities are found in those areas of the human spirit, which might be loosely referred to as relating to "quality of life" for our citizens—the opportunities for each individual to develop his or her potential in a free society and to engage in the pursuit of happiness.

We as a nation are forced by circumstances to increase our military defense, but we should make doubly sure that this increase does not unduly distort or adversely affect the balance between military and nonmilitary forces in our society or adversely affect those quality of life considerations which impact on our citizens.

For this reason, the national decision and consensus for undertaking a buildup of American military strength must be accompanied by an equal national commitment to the quality of life for our citizens. If we are to spend $1,500 billion on defense programs over the next 5 years, should we not also make certain there's a corresponding increase for those programs which are calculated to improve our national character and quality of life for our citizens, such as the arts, humanities, libraries, and recreational facilities for our people?

Fortunately, this strengthened and parallel commitment to improving our quality of life is not nor should it be the sole responsibility of the Federal Government, although the Federal Government's leadership and commitment to this objective is critical if not decisive. All elements of our society should be encouraged to become involved in this process of rebuilding and expanding our national quality of life. The opportunities for a working partnership among all levels of Govenment in cooperation with private efforts of individuals, business, foundations, and associations will be successfully met if there is a sense of determination by all of these elements to maintain a balance in support of quality of life programs in the face of the inevitable shift in emphasis brought about by increased spending on military programs. In short, we must rearm in a way which still maintains our national character and purpose.

Since the administration and the Congress have taken the leadership in shifting national priorities to provide a greater emphasis on national defense, it is incumbent on them to implement a commensurate leadership in providing support for programs which will minimize the dangers to our national spirt and our quality of life which are inherent in the increased militarization of our national life, however necessary, such increases might be. To do otherwise will inevitably create a serious risk of distorting the balance among national priorities which must be preserved if we are to maintain and strengthen our national character. I would respectfully urge that maintaining this balance should be the overriding consideration by the Congress in determining the appropriate levels of funding for the National Endowment for the Arts in fiscal 1983.

PREPARED STATEMENT

Thank you, Mr. Chairman.

Senator BURDICK. Thank you. Your prepared statement will be printed in the record.

[The statement follows:]

STATEMENT OF CHARLES K MCWHORTER

My name is Charles K. McWhorter. I am here this morning as a representative of the American Arts Alliance. I served as a member of the National Council on the Arts for 6 years during 1970–76 and as a member of the "Dance" panel of the National Endowment for the Arts for 3 years during 1976–78. I am currently president of Ballet Theatre Foundation and I also serve as a member of the board of trustees of the Alvin Ailey Dance Company and the Interlochen Center for the Arts. My comments are directed to what I regard is a necessary framework for considering the appropriate levels of Federal funding for the arts and the responsibilities of the Federal Government in working with other levels of Government and the private sector in this field.

With a new administration now installed in Washington the Nation is adjusting to new priorities which impact on all aspects of American life. President Reagan and leaders of both Houses of the Congress have recognized the importance of strengthening our defense establishment in the face of the massive build-up of Soviet armaments which has taken place in recent years. This consensus in favor of increased expenditures for armaments takes place at the same time there is widespread recognition of the importance of bringing Government expenditures into balance with Government revenues in an effort to reduce the evil effects of inflation and high interest rates. As a result, the administration and the Congress have been forced to make major reductions in funding many nondefense areas of Government. At the same time the administration has advanced economic and tax programs which are intended to revive our national economy and provide increased productivity and levels of employment. Thus we have a new and drastically revised balance among the various programs of Government and this new balance is likely to remain substantially unchanged for several more years.

This necessary shift of national priorities in favor of increased military spending and a corresponding reduction of nonmilitary programs is not without some important risks and dangers which must be recognized and dealt with effectively if we are to avoid a radical and unfortunate shift in our national character and purpose. The primary purpose of America and of our free society is not to support ever-increasing armaments any more than cities exist to support police or fire departments. All of these things may be necessary to insure survival and protection for our Nation and our communities, but our real achievements as a nation and in our communities are found in those areas of the human spirit which might be loosely referred to as relating to "quality of life" for our citizens—the opportunities for each individual to develop his or her potential in a free society and to engage in the "pursuit of happiness."

When we as a Nation are forced by circumstances to increase our military defense, we should make doubly sure that this increase does not unduly distort or adversely affect the balance between military and nonmilitary forces in our society or adversely affect those quality of life considerations which impact on our citizens. For this reason, the national decision and consensus for undertaking a build-up of American military strength must be accompanied by an equal national commitment to the quality of life for our citizens. If we are to spend $1,500 billion on defense programs over the next 5 years should we not also make certain that there is a corresponding increase for those programs which are calculated to improve our national character and the quality of life for our citizens such as the arts, humanities, libraries, and recreation facilities for our people.

Fortunately, this strengthened and parallel commitment to improving our quality of life is not nor should it be the sole responsibility of the Federal Government although its leadership and commitment to this objective is critical if not decisive. All elements of our society should be encouraged to become involved in this process of rebuilding and expanding our national quality of life. The opportunities for a working partnership among all levels of Government in cooperation with the private efforts of individuals, business, foundations and associations will be successfully met if there is a sense of determination by all of these elements to maintain a balance in support of quality of life programs in the face of the inevitable shift in emphasis brought about by increased spending on military programs. In short we must rearm in a way which still maintains our national character and purpose.

Since the administration and the Congress have taken the leadership in shifting national priorities to provide a greater emphasis on national defense it is incumbent on them to implement a commensurate leadership role in providing support for programs which will minimize the dangers to our national spirit and quality of life which are inherent in the increased militarization of our national life however necessary such increases may be. To do otherwise will inevitably create a serious risk of distorting the balance among national priorities which must be preserved if we are to maintain and strengthen our national character. I would respectfully urge that maintaining this balance should be the overriding consideration by the Congress in determining the appropriate levels of funding for the National Endowment for the Arts in fiscal year 1983.

Senator BURDICK. Just one question. It's been argued by those who support these cuts that shortfalls can be made up through private contributions. What's your answer to that?

Mr. McWHORTER. I think there's adequate testimony from a cross section of business leaders and those who have been actively involved in raising money from private sources, both corporate and individual, that this is not a possibility. The level of corporate giving has increased dramatically since the National Endowment for the Arts has been in place, and that increase can continue to be expected, but not enough, sir, to offset drastic cuts such as have been proposed in the administration budget for this year. The economic situation for many companies is such that I think they are looking for places to cut back and save money, and the corporate giving, whether it's to hospitals, education or to the arts will all have to be considered in the context of their viability and their current economic condition. I'm not optimistic about the ability of business to absorb these kinds of cuts which are proposed. In fact, I think what we really should be looking for are increased incentives from the Federal Government to business and to the private sector to make them willing to give more.

So really I think it's a time where we have to provide a carrot along with a stick here, perhaps.

Senator BURDICK. Thank you very much.

Mr. McWHORTER. Thank you, sir.

STATEMENT OF BERNARD BLAS LOPEZ, NATIONAL ASSEMBLY OF STATE ARTS AGENCIES

Senator BURDICK. Our next witness will be the National Assembly of State Arts Agencies, Geoffrey Platt, Jr. Is he present?

Mr. LOPEZ. Senator Burdick, and members of the committee. My name is Bernard Blas Lopez. I'm director of the New Mexico Arts Division, which is part of the State Arts Agencies. I'm a member of the executive board of directors of the Western States Arts Association and a member of the National Council on the Arts.

I'm here, however, to speak to you on behalf of the National Assembly of State Arts Agencies, which represents all the State arts agencies. New Mexico is a member of this organization. I am not, however, an officer with NASAA.

My oral testimony will be different than the written testimony which I have presented. The written testimony contains considerable statistical information and many case examples.

NASAA and its member State arts agencies wishes, first of all, to thank you for the support you gave the arts last year, for the congressional allocation of $149 million, which, after final compromising, became an allocation of $143 million. We beseech you to continue that level of support with an adjustment added so as to maintain our present and real dollar effectiveness, as a minimum, a range of $160 to $165 million.

We view the administration's proposed level of funding in 1983 with great concern and distress. It once again represents a disastrous reduction in the level of Federal support for the arts in our country.

A national endowment for the State arts agencies and the regional organizations formed by the State art agencies to assist them with particular regional needs and programs, together form an unusually effective network of partnership support for the arts that is, in every sense of the word, a national network and a true partnership.

There is no doubt that on a national level the senior partner is and probably will remain the National Endowment for the Arts. In any partnership what the senior partner does is going to critically affect the entire partnership. So would ours. It is distressing to view the general attitudinal effects which the administration's highly publicized attempts to reduce the Endowment funding by 50 percent last year had on State legislatures. In State after State, this has had the effect of reversing attitudes which have been slowly improving with respect to States support of the arts. This has resulted in two terrible things. First, a reduction in the gradual increase of appropriations for the arts at the State level and second, a marked deterioration on the part of the willingness or receptiveness of State legislatures to support the arts at the State level.

A recent release survey by the National Assembly of State Arts Agencies does indicate an increase of 12 percent in State appropriations over fiscal year 1981; however, as you probably know, considerable activity in many States now exists in State legislatures to make midterm reductions of these appropriations, some of them quite serious.

The fact is that with respect to Government support of the arts, the States in most cases will follow the Federal lead. Hopefully, with congressional support here in Washington, following the lead which you took last year, State legislators will be moved to improve their own attitudes in spite of the administration's recommendations. We desperately need your leadership in this and your support. Many of the members of your committee represent Western States or small States in great difficulty, especially in these hard times. For these States National Endowment money still represents the bulk if not the whole of available grant money in those States. State money represents primarily administrative money and funds for technical services.

A serious reduction in NEA funds would likely result in a reduction of State funds, as well. It is hard to say which would be more serious. Two specific examples can be cited. Ballet West in Utah is one of the major dance companies in the western region. Their activities will be seriously cut and affected due to reduction in Federal funding. Ironically, they will be unable to serve their own region, and they will be able to afford to tour only on the east and west coasts. The Fargo Museum in North Dakota has been forced to cut staff. They retain only the minimum number of people to continue businesslike operations: a director, a curator, and a business manager. They have had to eliminate the fundraiser. What could be more painful at a time like this?

Again, we beseech you: provide the kind of support and leadership which you provided last year.

PREPARED STATEMENT

On behalf of NASAA and the constituents we represent, collectively: the citizens of the United States of America, I thank you for the privilege of testifying before this committee.

Senator BURDICK. Thank you for your statement.

[The statement follows:]

STATEMENT OF BERNARD B. LOPEZ

While federal government support for the arts has taken a disheartening turn downward in the past year, the results of state arts agency legislative appropriations for the 1982 fiscal year appear, at first glance, to be encouraging. A recently released survey by the National Assembly of State Arts Agencies showed that the nation's arts agencies reported FY 82 appropriations of $123.6 million from their state legislatures, an increase of 12.2% over the $110.2 million appropriated in fiscal year 1981. This increase follows a pattern of steady growth in arts funding by state governments since these agencies began operating in all the states over ten years ago.

Gratifying as this growth in state support may be, it must be scrutinized in the light of the development of federal support to the National Endowment for the Arts. What appears is a trend of declining support for the arts across government.

During the last decade, state and federal government arts support increased significantly, going from $42 million in 1971 to $228.9 million in 1979. Since then, that combined funding growth has begun to diminish, highlighted by the startling impact of the Reagan Administration's proposals to cut the arts budget.

In charting the reduction in combined governments arts support, consider the state and federal appropriations in 1980 - an increase of 12.5%, but down from an 18.8% increase the previous year. When the growth for 1980's analyzed, its size is based on a state appropriations increase of 29.6% with little contribution from the federal funding increase of 3.4% - coming in a year when the total federal budget grew by 17.4%.

In the next fiscal year, the lowered rate of growth persisted, dropping to 4.5%, with state appropriations at a 7.2% increase while federal funds to the National Endowment for the Arts increased by 2.7%.

In the current 1982 fiscal year, that trend has continued. The state increase at 12.2% has been offset by a decrease of 9.9% in federal funds to the arts resulting in a drop of .9% in total government support.

The federal decline in funding for the arts threatens the balance of support that has developed to sustain the arts in our country. Since the NEA was established in 1965, the federal and state arts agencies have complimented the roles each has developed. They have shared in the growth of the arts and they have each worked to develop support from the private sector. Now that partnership faces an imbalance. The drop in the federal share for the arts creates a gap that states will be hard pressed to fill.

In Utah, for example, the state arts agency this year was given a slight increase in funds from its legislature, a continuing committment to support the arts but not enough to make up the cut in federal funds to the arts in Utah.

For Idaho, where the state's economy has moved into the deepest recession since World War II, cuts in federal and state appropriations have had a negative effect on the power to attract money from the private sector.

The situation in the state of Washington reflects a direct response to the lead taken by the President in proposing a 50 percent cut in arts funding a year ago. Meeting at that time, the Washington state legislature voted to reduce state arts appropriations by 50%. Since then, the state arts budget has taken another 10 percent reduction and faces a possible further cut as the legislature meets to turn back a growing state deficit.

Serious federal cuts have a psychological impact on state legislators that creates an attitude of disinterest in supporting the arts at the state level. Recently, in Utah, some legislators for the first time spoke against government support, citing the example set by the federal government. In Alaska, the federal arts cuts have given encouragement to legislators pushing a bill to repeal the state's seven year old program placing art in public buildings. Decreased state revenues combined with the signal given by a federal shift in attitude makes the arts a target for legislators who think they are not essential.

The hardest hit by the downward trend in government arts support are the individual artists and the small developing arts groups - those that give a young artist the opportunity to perform, that take a chance on new and experimental productions, that bring the arts to rural towns.

The Composers Conference in Johnston, Vermont has for many years given young composers a place to have their works performed by professional musicians. This year, the NEA grant to the Composers Conference is cut in half, raising the question whether the program can survive another year.

The Washington State Arts Commission this year was forced to eliminate support to individual artists. Its education programs and touring exhibitions in the state - key elements in making the arts available to more people - will have to be limited.

The Actor's Theatre in Louisville, Kentucky has gotten support in recent years to tour the state. This year, with no grant available, this nationally regarded theatrical group will travel to fewer towns in Kentucky with the question whether it can do even that next year.

In Arizona, federal funding to the state arts agency for a traveling museum exhibitions program has been eliminated as a category of support. The state will have to reduce the number of towns to which the exhibits travel - many of them small rural communities with no museums where the art is displayed in libraries or bank buildings - and fewer artists will get exposure because of the cut in the program's support. Last year a quarter of a million people saw the traveling art exhibitions, many of whom will no longer have the chance.

In Oregon, the symphony orchestra can not appear outside of Portland, as it used to. The state arts commission,faced with less money this year, had to cut its support for the orchestra's tour.

Similarly, Ballet West, a regional dance company from Utah with a national reputation, will not be able to travel as it did before because of federal cuts in the money to support its touring. Ballet West needs bookings in order to give work to its dancers and make money for its operations. Federal support made it feasible to tour, but this year Ballet West may be lost as a regional dance company to its own home territory. Without that assistance, the company cannot dance in small communities for which it is too expensive and Ballet West may have to head east where larger theatres can pay to support its productions.

The private support that might be expected to take up the cuts in government funding has not solved the problem. In Oregon, a state in difficult economic straits with unemployment over 20 percent in some areas and no corporations to help in outlying areas, the Coos Bay Art Museum, with school programs and support to local artists, has to depend on a handful of hard hit timber companies in times of need.

For the Fargo Museum, which gets state support from the North Dakota Council on the Arts in a state facing an unaccustomed decline in revenues, the predicament of private support was posed in an ironic way. When forced to reduce its already small staff recently, the museum had to include its development officer among those let go.

With support for the arts being eroded in some states as legislatures are called into special sessions to deal with budget deficits - Oregon's 5 percent increase this year was taken back and further cuts in current funding are being considered now; Washington faces its third cut in the funding it has already received - the coming legislative sessions should be the real testing grounds for state arts support. To offset federal cuts in fiscal year 1983 would require a 34 percent increase in state arts appropriations. Given the demand on the state tax dollar with the transfer of human services programs from federal to state responsibility, that prospect seems unlikely. The vitality and independence of the arts in our country depend on the system of support we have developed. The state, the federal government and the private sector are all partners, for one to drop out would damage what we have built.

STATEMENT OF ROBERT CANON, PRESIDENT, NATIONAL ASSEMBLY OF COMMUNITY ARTS AGENCIES

Our next witness will be the National Assembly of Community Arts Agencies.

Mr. CANON. Mr. Chairman, my name is Robert Canon. I am the president of the National Assembly of Community Arts Agencies, an organization which represents the arts support network of local arts agencies serving cities, towns, counties, and regions throughout the United States and its territories.

For the past 20 years, I have been professionally involved in the arts, beginning as a director of a small theatre and arts center serving a rural area in northwest Mississippi, to my present position as director of the Arts Council of San Antonio, Tex., a local arts agency serving the Nation's tenth largest city.

Collectively, the agencies I represent will help raise over half a billion dollars in public and private funds this year to support our Nation's cultural institutions, arts programs, and individual artists. No other group has had more experience in supporting and serving the arts in America, and no other group has been more involved in developing the public and private support necessary to sustain our cultural resources.

Unlike many of the other organizations who will testify before this committee, most of the agencies I represent have never received a grant from the National Endowment for the Arts, and we are not threatened by reductions in an NEA program. Many of our agencies were in existence long before the Federal arts agency, and most of us will be able to continue even if Federal support is entirely eliminated.

I believe, however, it is incumbent upon me to state, emphatically, that the agencies I represent do not support the actions of this administration and Members of Congress in reducing Federal support for the arts. And we oppose the further reductions which have been proposed by this administration in the appropriations for the National Endowment for the Arts in fiscal year 1983.

As indicated earlier, our opposition stems not from any anticipated loss of funds to our agencies, but rather from our certain knowledge of the precarious financial state of the arts in America and the impact that these cuts will have upon the overall public commitment to the arts for both present and future generations.

Our agencies recognize that if the arts are to have any meaning for the vast majority of our citizens, that it will be necessary to substantially increase public funding for the arts at all levels of Government.

For too long in this country, we have expected the arts to be sustained by wooing rich old ladies and gentlemen, by holding charity balls and auctions, by submitting innovative proposals to foundations and corporations, by increasing admission fees and paying, if at all, ridiculously low wages and spending too little time on art and too much time on fundraising.

While some of these activities may be necessary both for the arts and Members of Congress, they tend to obscure the reality—which is an inadequate public support base for the arts in America. No other civilized nation in the world expects its arts institutions to operate in such a manner. It is little wonder that many Americans have never darkened the door of a museum, never seen a live performance, have had little exposure to the arts in schools, and nightly watch "Flamingo Road", while those who have watch "Brideshead Revisted". It is a testament to the resourcefulness of the arts in America that we have managed to do so much, for so many, with so little, for so long.

The paltry sums which have been provided since 1965 have, however, never, in any year, even approached the level of the public relations budget for the Pentagon. In spite of the fact that the Federal arts budget for the wealthiest Nation on Earth does not match the arts appropriation of a provincial city in Germany, the small amounts that have been provided during the last 17 years have generated substantial support at the State and local levels. During this period, we have witnessed a growth in arts programs and audiences as never before in our history.

There are those in this administration who suggest that this growth has had little to do with Federal support. Since the Endowment provides only about 5 percent of the budgets of the arts organizations, the cuts will have little impact. That private support will make up the difference. These same people, however, have never had the experience of running an arts organization, have never tried to raise corporate funds in a small town, never had to convince a rural-dominated State Legislature to appropriate funds for the arts, never had to take an unpaid vacation to meet a payroll, or try to convince a potential donor or city council that the arts are as important as a nutrition program.

I submit that the reductions which have been made in appropriations for the National Endowment for the Arts are having diastrous consequences for the Nation's arts organizations and in the support they receive from local and State Government and the private sector.

I urge you to reject the Administration's proposed budget for the National Endowment for the Arts and to make every effort to increase its appropriation over the current level.

PREPARED STATEMENT

I believe that the vast majority of our citizens can understand the need for this support and that sufficient revenues can be found. I believe that as responsible elected officials you cannot do otherwise.

Senator Burdick. Thank you Mr. Cannon.

[The statement follows:]

Statement of Robert Canon

My name is Robert Canon and I am the president of the National Assembly of Community Arts Agencies, an organization which represents the arts support network of local agencies serving cities, towns, counties and regions throughout the United States and its territories. For the past 20 years I have been professionally involved in the arts beginning as director of a small theatre and arts center serving a rural area in northwest Mississippi to my present position as director of the Arts Council of San Antonio, Tex., a local arts agency serving the Nation's tenth largest city.

Collectively, the agencies I represent will help raise over $500 million in public and private funds this year to support our Nation's cultural institutions, arts programs, and individual artists. No other group has had more experience in supporting and serving the arts in America and no other group has been more involved in developing the public and private support necessary to sustain our cultural resources. Unlike many of the other organizations who will testify before this committee, most of the agencies I represent have never received a grant from the National Endowment for the Arts and we are not threatened by reductions in an NEA program. Many of our agencies were in existence long before the Federal arts agency and most of us will be able to continue even if Federal support is entirely eliminated.

I believe, however, it is incumbent upon me to state, emphatically, that the agencies I represent do not support the actions of this administration and Members of Congress in reducing Federal support for the arts and we oppose the further reductions which have been proposed by this administration in the appropriation for the National Endowment for the Arts in fiscal year 1983. As indicated earlier, our opposition stems not from any anticipated loss of funds to our agencies but rather from our certain knowledge of the precarious financial state of the arts in America and the impact that these cuts will have upon the overall public commitment to the arts for present and future generations. Our agencies recognize that if the arts are to have any meaning for the vast majority of our citizens that it will be necessary to substantially increase public funding for the arts at all levels of Government.

For too long, we have expected the arts in this country to be sustained by wooing rich old ladies and gentlemen, by holding charity balls and auctions, by submitting innovative proposals to foundations and corporations, by increasing admission fees and by paying, if at all, ridiculously low wages and spending too little time on art and too much time on fundraising. While some of these activities may be necessary both for the arts and Members of Congress, they tend to obscure the reality—which is an inadequate public support base for the arts in America. No other civilized nation in the world expects its arts institutions to operate in such a manner. It is little wonder that many Americans have never darkened the door of a museum, never seen a live performance, had little exposure to the arts in the schools and watch "Flamingo Road," while those who have watch "Brideshead Revisited." It is a testament to the resourcefulness of the arts in America that we have managed to do so much, for so many, with so little, for so long.

The paltry sums which have been provided for Federal arts support since 1965 have never, in any year, even approached the level of the public relations budget for the Pentagon. In spite of the fact tht the Federal arts budget for the wealthiest Nation on Earth does not match the arts appropriation of a provincial city in Germany, the small amounts which have been provided during the last 17 years have generated substantial support at the State and local levels. During this period we have witnessed a growth in arts programs and audiences as never before in our history.

There are those in this administration who suggest that this growth has had little to do with Federal support. That since the endowment provides only about 5 percent of the budgets of our arts organizations, the cuts will have little impact. That private support will make up the difference. These same people, however, have never had the experience of running an arts organization, never tried to raise corporate funds in a small town, never had to convince a rural dominated State legislature to appropriate funds for the arts, never had to take an unpaid vacation to meet a payroll, or try to convince a potential donor or city council that the arts are as important as a nutrition program.

I submit that the reductions which have been made in appropriations for the National Endowment for the Arts are already having disastrous consequences for the Nation's arts organizations and in support from local and State government and the private sector. Within the last month we have already seen cutbacks and closing of major arts institutions from Philadelphia to Kansas City to San Diego. If this process of reducing Federal support continues throughout the 4 years of this administration, I have no doubt that fully one-third of this Nation's arts and cultural organizations will have closed their doors. Those who will be able to remain open will be providing fewer services to fewer people at a cost which most people will be unable to afford. Is this the cultural legacy we wish to leave our children in the last gasp of the 20th century?

I believe that this administration, with the best of intentions, sincerely believes that the arts will continue to grow in the absence of any meaningful Federal support and that the private sector can and will respond to the financial needs of the arts in

America. I would remind you that the "road to h--- is paved with good intentions." If, as I believe, the administration is wrong, we will be sacrificing the Nation's cultural institutions and opportunities for our next generation of creative artists on the altar of fiscal conservatism.

Those of us who were working in the arts prior to the creation of the National Endowment of the Arts in 1965 remember, only too well, a time of no Federal support. A time of little State support and one in which municipal support was limited to a new public museum, zoos, and recreation programs. We well remember this period when most of the Nation's performing artists were seasonal employees or migrant workers. When teaching offered the only stable employment for most of our creative artists. When most arts programs were avocational, run by volunteers on nights and weekends. When parents viewed a career in the arts for their children as something closely akin to prostitution. We have no desire whatsoever to return to those golden days.

The agencies I represent know that a decreasing Federal commitment to the arts has a ripple effect upon State and local govermental support and that the cuts in many other Federal programs have made it more difficult for the arts to compete for funds from the private sector at the local level. We know that this Nation can ill afford to deny a significant portion of our population access to our cultural institutions or to restrict the arts to a handful of major cities who enjoy substantial private resources and growth.

I urge you to reject the administration's proposed budget for the National Endowment for the Arts and to make every effort to increase its appropriation over the current level. I believe that the vast majority of our citizens can understand the need for this support and that sufficient revenues can be found. I believe that as responsible elected officials you cannot do otherwise.

STATEMENT OF GEORGE FRAIN, SECRETARY, 18TH AND COLUMBIA ROAD BUSINESS ASSOCIATION

Senator BURDICK. Our next witness will be the 18th and Columbia Road Business Association, Mr. George Frain.

Mr. FRAIN. I've been asked to try to shorten my statement. It required three pages.

Today I am opposing a Federal contribution to the arts, whereas everybody else this morning has been asking for more money—in the hundreds of millions of dollars, and comparing them unfavorably with provincial cities in Europe, which is nonsense.

I helped write some of that legislation, as a congressional aide, and I know that we're doing very handsomely with the arts, as I will try to show.

Let me say, first, that I am totally opposed to the $3,986,000 request in President Reagan's budget for maintenance of the Kennedy Center. This appropriation is unjustified, and the needed funds should be raised by private contributions, principally from those art supporters and subscribers who attend the Kennedy Center performances and from those artists and unions who benefit so handsomely from performing and working at the Kennedy Center and use it so much.

I helped, as Senator J. William Fulbright noted in the Congressional Record of July 28, 1971, and as Representative Frank Thompson stated, in laying the groundwork for today's Kennedy Center. Their statements are included here, on the left.

The Congress originally intended this cultural center to be constructed and maintained by contributions. I include as part of my statement, on page 2, an excerpt from the Congressional Record of August 22, 1958, wherein Congressman Howard Smith of Virginia says: "I just wonder why there should be any opposition to this bill. It does not cost the Government any money."

Congressman James Wright, now the distinguished majority leader of the House of Representatives, said, on this same subject, in concurring with Representative Smith's statement, that "The bill would permit the construction here in Washington of a natural cultural center. It would be financed not by the Government, but by private funds donated by the public."

Congress didn't contemplate a maintenance fund when it approved the Kennedy Center on July 23, 1964. They simply put the Kennedy name on something that had been established and voted on and signed by President Eisenhower in 1958. Chairman Roger Stevens of the Kennedy Center, several years after it was named the Kennedy Center, lobbied the U.S. Congress for maintenance funds and got them. The law drafted by Roger Stevens says, "shall provide maintenance, security, information, interpretation, janitorial, and all other services necessary to the nonperforming arts functions of the Kennedy Center for the Performing Arts."

It is unfair, in my view, to load all these duties on the hard-pressed taxpayers of the Nation while people who use the Kennedy Center most don't contribute a dime to pay for these things. The "nonperforming arts functions" are a myth. I want to say right there it's like asking the Federal Government to pay for janitorial services in the New York theatres or one in South Dakota. They don't do it.

Does anyone know how much performers, managers, and so on who use the Kennedy Center day after day are able to realize since the taxpayers pay for these essential duties? Tickets at the Kennedy Center have been upped to $35 for orchestra seats. Few families can afford such outrageous prices.

I assume—my family were farmers in Indiana—that farmers in Indiana and farmers in South Dakota and North Dakota and the rest seldom come and pay those kinds of prices. Yet, they're the ones that are being asked to pay for the janitorial service at the Kennedy Center.

There was a report that the musical play "Evita" at the National Theatre took in $5 million during its Washington run.

How much do the concerts, operas, plays, et cetera and the performances of single artists take in at the Kennedy Center? How much have the Nation's taxpayers paid to construct, maintain, and provide a new roof for the Kennedy Center to date?

A recent release from the Smithsonian Institution states: "The $70 million John F. Kennedy Center for the Performing Arts." The Nation's taxpayers have paid more than $50 million on it to date. I think about $16 million of this is on janitorial services.

Even at $50 million, the Kennedy Center must surely be the most expensive memorial in the history of the world. The Nation's taxpayers pay this $3,986,000 annually even if they never visit the Kennedy Center, plus this $50 million.

Now, attached is a Washington Post report of March 21, 1980, that Congress reluctantly decreed placques to Roger Stevens, the chairman of the board down there, and Ralph Becker, an attorney, despite objections by Democrats and Republicans—and I speak of Senator Domenici and of Senator Moynihan—that these plaques diminish the Kennedy Center as a memorial.

I request this subcommittee to ask the Congress and the Nation's taxpayers if they want to pay taxes for a memorial to Roger Stevens and Ralph Becker.

The National Gallery of Art and its new east wing were built without 1 cent of Federal contributions. New York's Lincoln Center was built by private contributions at the very time that the Kennedy Center nicked Uncle Sam for $50 million.

Now, let's look at the record. The record shows that the Congress has been unusually generous in showering its gifts on this city. The record shows that the people of this country, through the Smithsonian Institution, have helped pay for the Anacostia Neighborhood Museum, the Museum of African Art, the National Air and Space Museum, the National Museum of American Art, the National Museum of American History, the National Museum of Natural History, the National Museum of Man, the National Portrait Gallery, and the Renwick Gallery. Congress has provided sites on the great Mall for the Freer Gallery, the Hirshhorn Museum, and the National Gallery of Art, and it has helped these latter in other ways.

Last year the Congress appropriated $1 million for the National Symphony Orchestra and this year provided funds to send the National Symphony overseas. This surely is not one of our Nation's great orchestras.

Can the Congress continued to shell out tax funds in generous amounts from the pockets of the Nation's taxpayers in view of the high rate of unemployment, now about 10 million, the plight of the elderly, the plight of the farmers, budget deficits, and the plight our our cities faced with cutbacks and inflation?

Now, clearly, the logical and fair place to raise most, if not all, of the maintenance funds required is from the opera goers and the other art patrons who use the Kennedy Center the most and from the union members who are so well paid, and from the opera and theatre and dance companies who use it.

The D.C. Government doesn't contribute one dime to the Kennedy Arts Center. If Congress had built this facility in any other U.S. city, a city so favored would certainly agree to pay for its maintenance. Congress should seek some way to get some maintenance funds from the District Government and the local suburban jurisdictions where the art lovers live who use the Kennedy Center the most. This would treat the Nation's taxpayers fairly. Other cities and States have taxes to support the arts, was indicated in earlier in the testimony.

I just want to add one paragraph. Proof that the Kennedy Center is oriented toward high society and the affluent is the failure of its board of trustees to try to reach the plain, garden-variety, common people through implementation of section 4(3) of the Kennedy Center Act, which directs the board of trustees to "develop programs for children and youth and the elderly on such arts deisgned specifically for their participation, education, and recreation."

PREPARED STATEMENT

It's high time that Congress insisted that this part of its mandate be implemented to give the Kennedy Center meaning to all the people and end its domination by the wealthy few and high society, since Congress didn't intend to provide a memorial to be almost solely dedicated to the affluent.

Thank you very much.

Senator BURDICK. Thank you.

[The statement follows:]

STATEMENT OF GEORGE FRAIN

Mr. Chairman: My statement today is my own.

Let me say, first, that I am totally opposed to the $3,986,000 request in President Reagan's budget, for maintenance of the Kennedy Center. This appropriation is unjustified, and the needed funds should be raised by private contributions, principally from those art supporters and subscribers who attend the Kennedy Center performances, and from those artists and unions who benefit so handsomely from performing and working at the Kennedy Center, and use it so much.

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Does anyone know how much performers, managers, and so on who use the Kennedy Center day after day are able to realize since the taxpayers pay for these essential duties? Tickets at the Kennedy Center have been upped to $35 per orchestra seat. Few families can afford such outrageous prices. There was a report that the musical play "Evita" at the National Theater took in $5 million during its Washington run. How much do the concerts, operas, plays, et cetera and the performances of single artists take in at the Kennedy Center? How much have the Nation's taxpayers paid to construct, maintain, provide a new roof et cetera for the Kennedy Center to date? A recent release from the Smithsonian Institution states quote: "the $70 million John F. Kennedy Center for the Performing Arts." The Nation's taxpayers have paid more than $50 million on it to date.

Even at $50 million, the Kennedy Center must surely be the most expensive memorial in the history of the world. The Nation's taxpayers pay this $3,986,000 if they never visit the Kennedy Center, plus this $50 million.

Even at $50 million this Kennedy Center memorial must be several times as costly as the combined costs of building the Washington Monument, the Jefferson Memorial, and the Lincoln Memorial which were established to honor three of this Nation's greatest presidents.

Even at $50 million this Kennedy Center memorial is more costly than the combined costs of several if not all of the Pyramids of Egypt plus the cost of the Taj Mahal.

The Congressional Budget Office was reported in the New York Times and the Washington Post on Friday, last week, February 26, as estimating that President Reagan's budget deficit will be almost $140 billion in 1985.

In view of this huge deficit, I believe that even the Kennedy Center should bite the bullet, and eliminate this $3,986,000 budget item.

Clearly, this congressional subcommittee should delete this $3,986,000 budget item.

It is certainly high time for the Kennedy Center to take steps to raise its maintenance funds by contributions—as Congress originally intended as shown by these excerts from the Congressional Record of August 22, 1958.

Let me point out that the National Gallery of Art, and its new east wing were built without one cent of Federal contributions—and this was the intention of the Congress with regard to what it called the National Cultural Center, in 1958.

New York City's Lincoln Center was built with private funds—without any congressionally-appropriated tax funds—at the same time as the Kennedy Center was being built at such huge cost to the Nation's taxpayers. The total cost of the huge Lincoln Center complex was as much or more than the cost of the Kennedy Center.

With 10 years of history of performing arts productions behind the Kennedy Center it ought to be as easy as falling off a log to raise the $3,986,000 maintenance fund from private sources, and to do this on an annual basis.

If the Kennedy Center didn't get this $3,986,000 appropriation from Congress, and had to raise this sum from private sources nationwide it would give new emphasis to the memorial aspects of the Kennedy Center and would open up the real meaning of this memorial which is so largely obscured and hidden from view by its use by the affluent portion of the people for art and society purposes.

Let me look at the record. The record shows that the Congress has been unusually generous in showering its gifts on this city. The record shows that the people of this country through the Smithsonian Institution have helped pay for the Anacostia Neighborhood Museum, the Museum of African Art, the National Air and Space Museum, the National Museum of American Art, the National Museum of American History, the National Museum of Natural History-National Museum of Man, the National Portrait Gallery, the Renwick Gallery. The Congress has provided sites on the Great Mall for the Freer Gallery of Art, the Hirshhorn Museum and Sculpture Garden, and the National Gallery of Art, and it has helped these latter in other ways.

Last year the Congress appropriated $1 million for the National Symphony Orchestra, and this year Congress provided funds to send the National Symphony Orchestra overseas, according to the news media. Taxpayers ask why?

Can the Congress continue to shell out tax funds in such generous amounts from the pockets of the Nation's taxpayers in view of the high rate of unemployment now about 10 million, the plight of the elderly, the farmers, budget deficits, the plight of our cities faced with out-backs and inflation?

I include as part of my testimony some exhibits which I ask to be included in the hearing record. For example, a report of a posh and luxurious party for New Year's Eve enjoyment by the Washington Opera which charges $35 per ticket for orchestra seats at the Kennedy Center. Why shouldn't part of the money for this New Year's Eve party be used to help pay for the maintenance of the Kennedy Center which this Washington Opera uses? This Washington Opera has such well-connected friends as Henry Kissinger, AFL-CIO head Lane Kirkland, Washington Post board chairman Katharine Graham, ABC-NBC star David Brinkley, and Mobil Oil's Paul Petros. Ask them to help.

Under President Reagan's budget request for $3,986,000 the people who sightsee at the Kennedy Center will pay for its maintenance, while the people who use the

Kennedy Center day after day, week after week, and throughout the year to attend cultural events won't pay for their hard usage of the facilities which this maintenance fund really pays for.

Clearly, the logical and fair place to raise most, if not all, of the maintenance funds required is from the opera goers and the other art patrons who use the Kennedy Center the most, and from the union members and artists who are so well paid, and from the opera and theater and dance companies who use it. The D.C. Government doesn't contribute one dime to the Kennedy Art Center. If Congress had built this cultural facility in any other U.S. city the city so favored would certainly have agreed to pay for its maintenance. Congress should surely seek some way to get some maintenance funds from the District Government and the local suburban jurisdictions where the art lovers live who use the Kennedy Center the most. This would treat the Nation's taxpayers fairly. Other cities have taxes to support the arts, as you know.

Proof that the Kennedy Center is oriented toward high society and the affluent is the failure of its board of trustees to reach the plain, garden-variety common people—as Abraham Lincoln once said, God must have loved the common people, he made so many of them—through implementation of section 4(3) of the Kennedy Center Act which directs the board of trustees to "(3) develop programs for children and youth and the elderly (and for other age groups as well) in such arts designed specifically for their participation, education, and recreation." It is high time Congress insisted that this part of its mandate by implemented to give the Kennedy Center meaning to all the people and end its domination by the wealthy few and high society, since Congress didn't intend to provide a memorial to be almost solely devoted to the affluent.

STATEMENT OF MARK CURTIS, CHAIRMAN, THE NATIONAL HUMANITIES ALLIANCE

Senator BURDICK. Our next witness is the National Humanities Alliance, Mark Curtis.

Mr. CURTIS. Senator Burdick, my name is Mark Curtis.

Senator BURDICK. I hope you can compact your statement as much as possible because we're running out of time. We have to leave by 12 o'clock, and we've got four or five witnesses yet to be heard. I know it isn't your fault. But interpret a little bit.

Mr. CURTIS. I'll do my best.

I am president of the Association of American Colleges and appear before you as chairman of the chairman of the National Humanities Alliance.

The alliance is a coalition of 40 national membership organizations, including learned societies whose members are scholars in the humanities and associations whose members are museums, libraries, colleges, and universities. We also represent a wide spectrum of citizens who actively participate in every state in programs to enhance appreciation for the humanities.

Members of the alliance find the National Endowment for the Humanities to be an effective agent for formulating and supporting national policy in particularly sensitive areas. Work funded by the endowment has greatly fostered learning in the humanities and enriched the intellectual and cultural lives of our citizens.

The agency has become an essential part of the complicated network of support, both governmental and private, which sustains those individuals and institutions dedicated to the pursuit and the advancement of the humanities. It fosters the preservation of resources for scholarship in the humanities; it encourages projects to make these resources accessible to both scholars and the public; and most of all, it promotes excellence in the teaching, study, and interpretation of learning in the humanities.

The bipartisan support that the Endowment has received from Congress and from five successive Presidents has been gratifying. We are pleased, also, to note that President Reagan and his administration have expressed commitment to the Endowment's basic mission through the care exercised in selecting a new chairman and through its resonse to the recommendations of the White House Task Force on the Arts and Humanities.

We do, however, believe that the budget request you have before you underestimates the continuing and critical needs of the humanities. While the budget submission eloquently describes goals for the Endowment, the amount of funding requested is inadequate for accomplishing those goals.

In saying so much, I am not asking for an additional large sum. The Endowment has always met only a small portion of what is needed to advance teaching and learning in the humanities. Although it is appropriate that its share should remain small and that support for the humanities should be diversified, the proposed budget will impair the effectiveness of diversified funding for the humanities by reducing the Endowment's support for basic programs upon which others depend.

We are convinced that the effect of the budget before you will, in this respect, be to disrupt, if not to depress, significant work in the humanities.

President Reagan has often stated his belief that the Federal Government should encourage the private sector to give generously to the arts and humanities. The Endowment has been, through the use of Treasury funds and the challenge grant program, effective in stimulating private support. On the other hand, we also believe that the Endowment has a singularly important role to play in assisting projects which find it all but impossible to raise private support.

As the agency itself has pointed out in its budget submission—and I quote:

> Without outright grants, access to humanities institutions and events would be almost entirely the privilege of those living in affluent areas. Moreover, certain kinds of meritorious and valuable humanities projects tend not to attract corporate or other philanthropic support because of their relative lack of visibility."

We therefore ask the committee, as it develops its recommendations on this budget, to not forget the small historical society, the individual scholar, or the isolated community or liberal arts college for which a corporate grant is out of reach.

The NEH budget in 1982 is already 14 percent less than it was the year before. That it is even that high is a result of the concern and commitment of Members of Congress, in particular members of this committee.

I think you will agree that an additional reduction of 26 percent, which the administration has requested, is a serious blow to the cause of the humanities. Such a cut would result in decrease of $56 million from 1981 to 1983, a sum that cannot be raised in the foreseeable future from other sources.

Hence, we implore you not to reduce the agency's budget again. Indeed, we believe that the appropriations for 1982 should set the minimum level for calculating future funding for the Endowment.

In closing, I would like to thank the members of this committee for the support you have always given to the humanities and for your sensitivity to the national purpose expressed in the act establishing the Endowment, namely that "a high civilization must not limit its efforts to science and technology alone, but must give full value and support to the other great branches of man's scholarly and cultural activity."

PREPARED STATEMENT

As we ask for your continued attention, we acknowledge with gratitude all that you have already done.

Thank you, Mr. Chairman.

Senator BURDICK. Thank you for your statement

[The statement follows:]

STATEMENT OF MARK H. CURTIS

My name is Mark Curtis. I am president of the Association of American Colleges and appear before you as chairman of the National Humanities Alliance. The Alliance is a coalition of forty (40) national membership organizations including learned societies whose members are scholars in the humanities, and associations whose members are museums, libraries, colleges and universities. We also represent a wide spectrum of citizens who actively participate in every state to enhance appreciation for the humanities. In short, the Alliance unites and expresses the concern of persons and institutions whose involvement with the humanities enriches our national life.

Members of the Alliance have found the National Endowment for the Humanities, during the sixteen years of its existence, to be an effective agent for formulating and supporting national policy in a particularly sensitive area. Work funded by the Endowment has greatly fostered learning in the humanities and enriched the intellectual and cultural lives of our citizens. The agency has become an essential part of the complicated network of support -- governmental and private -- which sustains those individuals and institutions dedicated to the pursuit and the advancement of the humanities. It fosters the preservation of resources for scholarship in the humanities; it encourages projects to make these resources accessible to both scholars and the public; and most of all it promotes excellence in the teaching, study and interpretation of learning in the humanities.

The bipartisan support that the Endowment has received from Congress and five successive presidents has been gratifying. We are pleased to note that President Reagan and his administration have expressed commitment to its basic mission through the care exercised in selecting a new Chairman and through its response to the recommendations of the White House Task Force on the Arts and Humanities.

We do, however, believe that the budget request you have before you underestimates the continuing and critical needs of the humanities. While the budget submission eloquently describes goals for the Endowment, the amount of funding requested is inadequate for accomplishing those goals. If the teaching of the humanities in the nation's classrooms, -- in secondary schools as well as colleges -- is to be improved, more, not fewer, resources must be devoted to the task.

The Endowment has always met only a small portion of what is needed to advance teaching and learning in the humanities. Although it is appropriate that its share should remain small and that support for the humanities should be diversified, the proposed budget will impair the effectiveness of diversified funding for the humanities by reducing the Endowment's support for basic programs upon which the others depend. Public understanding of the humanities, which has been well served by programs conducted by museums, historical societies, libraries, and state humanities councils, will be severely affected. The preservation of resources in research libraries and the improvement of teaching and research in universities and colleges will be slowed down or interrupted. We are convinced that the effect of the budget before you will be to disrupt, if not to depress, significant work in the humanities.

President Reagan has often stated his belief that the federal government should encourage the private sector to give generously to the arts and humanities. The Endowment has been, through the use of treasury funds and the challenge grant program, effective in stimulating private support. On the other hand, we also believe that the Endowment has a singularly important role to play in assisting projects which find it all but impossible to raise private support. As the agency itself has pointed out in its budget submission, "Without outright grants, access to humanities institutions and events would be almost entirely the privilege of those living in affluent areas. Moreover, certain kinds of meritorious and valuable humanities projects (such as individual scholarly research) tend not to attract corporate or other philanthropic support because of their relative lack of visibility." We therefore ask that the committee, as it develops its recommendations on this budget, not forget the small historical society, the individual scholar, or the isolated community or liberal arts college, for which a corporate grant is out of reach. An NEH grant is a reality that makes possible the cataloguing of a collection, the completion of a book, or the development of an improved curriculum.

The NEH budget in 1982 is already 14% less than it was the year before. That it is even that high is a result of the concern and commitment of members of Congress, in particular the members of this committee. I think you will agree that an additional reduction of 26%, which the administration has requested, is a serious blow to the cause of the humanities. Such a cut would result in a decrease of $56 million from 1981 to 1983 -- a sum that cannot be raised in the foreseeable future from other sources. We find the magnitude of this reduction startling -- more than one-third of the budget of 1981 -- and, in light of the critical need in this area, clearly inadvisable. Hence we implore you not to reduce the agency's budget again. Indeed, we believe that the appropriations for 1982 should set the minimum level for calculating future funding for the Endowment.

In closing, I would like to thank the members of this committee for the support you have always given to the humanities, and for your sensitivity to the national purpose expressed in the Act establishing the Endowment -- namely, that "a high civilization must not limit its efforts to science and technology alone, but must give full value and support to the other great branches of man's scholarly and cultural activity." As we ask for your continued attention, we acknowledge with gratitude all that you have already done.

American Anthropological Association
American Association for the Advancement of the Humanities
American Association for the Advancement of Slavic Studies
American Association for Higher Education
American Association of Community and Junior Colleges
American Association of Museums
American Association of State Colleges and Universities
American Association for State and Local History
American Council of Learned Societies
American Dialect Society
American Historical Association
American Library Association
American Musicological Society
American Philological Association
American Political Science Association
American Society for Aesthetics
American Society for Eighteenth-Century Studies
American Sociological Association
Associated Colleges of the Midwest
Association for Asian Studies
Association of American Colleges
Association of American Geographers

Association of American University Presses
Association of Research Libraries
College Art Association
Community College Humanities Association
History of Science Society
Independent Research Libraries Association
Linguistic Society of America
Modern Language Association
National Association of Independent Colleges and Universities
National Council of Teachers of English
National Federation of State Humanities Councils
National Humanities Faculty
Renaissance Society
Society for the History of Technology
Society of American Archivists
Society of Biblical Literature
American Society for Legal History
American Psychological Association

Senator BURDICK. In order to complete this morning, we'll have to cut the balance of the witnesses down to 4 minutes, so please observe the time.

STATEMENT OF BARRY S. TINDALL, DIRECTOR OF PUBLIC AFFAIRS, THE NATIONAL PARK AND RECREATION ASSOCIATION

Senator BURDICK. The next one is the National Park and Recreation Association, Barry Tindall.

Mr. TINDALL. Thank you, Mr. Chairman.

I am, for the record, Barry Tindall, director of public affairs for the National Recreation and Park Association.

I would be remiss, Senator Burdick, if we didn't thank you at the outset for your continued support for the Land and Water Conservation Fund. Not only for the support of it but for the authorship of it.

We would encourage the subcommittee to examine carefully the record of the Land and Water Conservation Fund, its contributions, both to protect nationally significant resources through Federal options and the significant contributions that the State and local programs have made to the preservation of natural and recreational resources.

It seems to me the administration is heading in absolutely the wrong direction if, in fact, they want to enhance donations, gifts of land, other valuable properties, and to encourage non-Federal public agencies to be actively involved in recreational resource protection and development.

I should make two points for the record. The first is that while the administration's objectives and the revised fiscal 1982 budget recommendations were uncertain, I think the fiscal 1983 documents clearly show that they wish to terminate not only the land and water conservation state program, but urban parks, the recreation programs and, frankly, to get out of the recreation program and other related business completely.

The other point I would make deals with the flow of money through the Land and Water Conservation Fund. My statement deals at some length with that. I won't repeat all of that here, except to say that there is apparently some misunderstanding of how the State portion of the Land and Water Conservation Fund works. It is a reimbursement program. The States or local governments do not receive an outlay from the national government till the project is completed or substantially completed. In many States, local governments get no money until a project is completed, and that may be 1, 2, or 3 years.

Our statement includes a flowchart, if you will, a percentage rate on an annualized basis which charts the flow of money through the program. The Secretary of the Interior and others continue to misrepresent, we believe, what an unexpended balance means in a program that is a reimbursement program.

So, I have encouraged you and other members of the subcommittee to be particularly alert to dig in, if you will, into that number and understand what it does and does not mean in terms of the ability to utilize the Land and Water Conservation Fund.

PREPARED STATEMENT

At present, there is, as we understand it from Administration sources, about $7.5 million remaining unobligated in the State portion of the program. That is very unevenly distributed amongst the States. By our count, with a chart that we've referred to appendix 1 here—that chart comes from the National Park Service sources—by our count, that chart shows that 28 of the States, including the District of Columbia in this case have obligated 95 percent of their money; of those 28 States, 20 of them have obligated 99 percent of their funds. So, there is no question but the record is clear in terms of the ability to effectively utilize the appropriations.

Thank you very much, sir.

Senator BURDICK. Thank you very much.

[The statement follows:]

STATEMENT OF BARRY S. TINDALL

Mr. Chairman and members of the Subcommittee, I am Barry S. Tindall, Director of Public Affairs for the National Recreation and Park Association. The association's statement supports an appropriation of at least $100 million for state and local government participation in the Land and Water Conservation Fund program, at least $25 million for the Urban Park and Recreation Recovery Program, and $30 million for the Historic Preservation Fund. Further, we strongly recommend that the subcommittee reject the Administration's proposals to defer and reprogram for federal administration purposes certain fiscal 1982 appropriations previously apportioned to the states, cities and others.

The National Recreation and Park Association is a national not-for-profit organization engaged in a wide range of research, education, policy and program assessments and other functions in the area of parks and recreation. We have a membership of some 16,000 individuals, organizations and agencies which perform an array of civic, professional and technical functions to meet America's diverse recreation demands. For the most part, our members are associated with public recreation and park systems. We have an affiliate organization in each of the 50 states, the Canadian Provinces, and in Europe and Asia.

The association appreciates the invitation to express its views and recommendations on the proposed fiscal 1983 federal budget.

The Administration's fiscal 1982 budget revisions gave the Congress and public alike an incomplete view of its longer term recommendations on several programs, including those cited above. The proposed fiscal 1983 budget expresses the Administration's views more clearly.

Among the Administration's proposals:

- A clear policy and program determination to terminate state and local participation in the Land and Water Conservation Fund;
- A clear determination to terminate the Urban Park and Recreation Recovery Program;
- A clear determination to terminate the historic preservation grants program;
- A clear determination to effectively withdraw from any significant Federal role in coordination, technical aid, planning or other interagency or intergovernmental functions in the area of parks and recreation.

If ultimately approved, these actions would result in long-term institutional and programmatic changes in our collective ability to provide and maintain quality recreation environments. At the same time, the Administration's "New Federalism" proposals ignore completely the subject of recreation and parks in an intergovernmental context. In the mind of the Administration, public recreation and park concerns are clearly restricted to those issues associated exclusively with Federal control of the land. We disagree with that perspective.

While a number of "block grant", trust fund, and other potential alternatives have been informally discussed with Administration officials, none has been embraced as an alternative to the Land and Water Conservation Fund or associated programs. Thus, the National Recreation and Park Association strongly urges that the Congress continue the Land and Water Conservation Fund as a highly effective means of fostering federal, state and local partnerships in recreation resource protection and development, urban park restoration incentives through the Urban Park and Recreation Recovery Program, and appropriate levels of support through the Historic Preservation Fund.

Our recommendation on LWCF state assistance is the amount agreed to by the Senate in fiscal 1982 but ultimately rejected in conference. Our recommendation for the Urban Park and Recreation Recovery Program carries with it a suggested emphasis on action-oriented planning and selected innovation or demonstration type projects. Continuation of urban park planning processes would, in our opinion, encourage inclusion of these projects in other potential funding sources,including general revenue sharing and Community Development Block Grant.

Several factors strongly suggest that these programs be continued:

- Comprehensive state and local park systems appear to "absorb" a significant number of recreation user pressures that, if not directed to non-federal parks, could exert extreme pressure (and cost) on federal recreation resources. This point is, for the most part, effectively ignored in discussions of Federal resource protection and costs;

- Non-federal recreation resource systems meet a variety of interstate and regional demands. Unlike certain types of public services (e.g. water, sewer, fire protection), state and local recreation resources frequently serve a very mobile, non-resident population;
- The states and local governments have demonstrated a continuing commitment to participate in all of the above programs, despite serious program disruptions in each of the last two fiscal years;
- Administration statements "that the states (and local governments) can not effectively use" LWCF and UPARR are based on ignorance of the programs' status or a deliberate attempt to mislead the Congress and others.
- Recreation and park systems play an increasing, not diminishing, role in American society. This role includes an array of social, economic and environmental values.
- The Land and Water Conservation Fund especially provides an extremely effective vehicle for redistributing fiscal resources accruing to all citizens through accelerated Outer Continental Shelf energy extraction activities. Estimated fiscal 1983 OCS receipts total $18 billion.

A few specific points need to be raised to correct the public record on Federal, state and local partnerships in parks and recreation. These comments follow. Regarding the Land and Water Conservation Fund and Urban Park and Recreation Recovery Program, the Secretary of the Interior has publicly stated that the states and local governments "can't use what they have." This is not the case. Since the inception of the Fund, the states and local governments have matched, with cash donations and other acceptable means, some $2.6 billion in available funds. No state to date has failed to meet its fiscal and legal obligations. Are there today states and local governments exhibiting severe fiscal distress? Yes. Will some of them be unable to effectively participate in the future? Perhaps. On a nationwide basis, however, we are certain that the severely reduced funding levels proposed herein will not go unobligated.

Some further perspectives on LWCF might be useful, especially to clarify the "obligation" versus "expenditure" situation. Congress in its wisdom in passing the Land and Water Conservation Fund Act recognized that capital projects do not instantly appear in a completed state. Thus, the states were given the current fiscal year plus two additional fiscal years to obligate any given year's appropriation. Obligations can not legally occur on a LWCF project until the budget authority is available and until it is apportioned to the respective states and territories. Then, and only then, can the Federal government and participating state governments make an actual obligation, a contractual agreement to proceed. This process is not dissimilar to an individual contracting to have a home built. First the financing is obtained, then construction can proceed with relative certainty. In the case of the LWCF grants program (which includes planning, acquisition and construction activities) a predictable pattern of actual outlays has generally occurred and is offered as a guide to the States by the federal government: year one, 10 percent; year two, 30 percent; year three, 35 percent; year four, 15 percent; year five, 10 percent. Again, this scenario is similar to many other types of public and private capital expansion activities.

Since fiscal 1978 the states received $1.1 billion in appropriations. That is, this amount was available for obligation (the "high" year was fiscal 1979 when $370 million was made available). At the beginning of fiscal 1981 a total of $252.8 million was available for obligation. At the end of the last fiscal year a total of $25.5 million remained legally unobligated. At present, the National Park Service has pending in the Washington office (awaiting final certification) approximately $17.75 million in grant applications which have cleared state and NPS regional offices. Thus, the amount currently available for obligation for the remainder of fiscal 1982 is approximately $7.75 million nationwide. Given this scenario, it is conceivable that within the next 60 days no obligational authority will remain and the state program will be effectively terminated.

Under the reimbursement scenario described above, some $525 million is currently in the "unexpended" category. That is, it is obligated against specific projects. During fiscal 1981, $286 million was expended. It is anticipated that an additional $267.8 million will be expended in fiscal 1982. Some 8,000 LWCF projects remain active.

Congressional acceptance of the Administration's proposal to defer $2.8 million in remaining LWCF obligation authority (and a similar proposal for UPARR and historic preservation) to cover federal administration costs will, in our view, seriously complicate the effective management of the remaining LWCF grant program. We strongly recommend that the Congress reject this proposal.

We recommend also that the Congress reject the Administration's proposals to amend the Land and Water Conservation Fund Act regarding distribution of federal recreation fees until such time as the Congress has thoroughly examined the long-term fiscal demands for basic resource protection.

This completes our prepared remarks. I would be happy to answer any questions the Subcommittee may have.

Thank you.

APPENDIX 1

FISCAL YEAR 1980 AND 1981
LAND AND WATER CONSERVATION FUND
UNOBLIGATED BALANCE BY STATE

STATE	Total Available FY 1980 2/	Unobligated Balance 9/30/80	Percent	Total Available FY 1981 3/	Unobligated Balance 9/30/81 4/	Percent
Alabama	$4,774,393	$816	-	$3,106,559	$22,356	.7
Alaska	1,539,291	5,300	.3	2,586,360	126,960	4.9
Arizona	4,096,579	-0-	-	2,755,390	6,135	.2
Arkansas	4,562,150	52,884	1.2	2,429,963	204,290	8.4
California	15,518,571	202,642	1.3	19,080,080	60,256	.3
Colorado	5,660,347	22,320	.4	3,251,292	161,352	5.0
Connecticut	4,951,502	379,334	7.7	3,557,245	500,478	14.1
Delaware	5,787,424	1,028	-	2,476,714	6,795	.3
Florida	5,011,587	161,352	3.2	10,734,983	4,141,962	38.6
Georgia	5,999,600	91,500	1.5	4,489,549	244,631	5.4
Hawaii	3,640,986	-0-	-	2,405,646	1,391,422	57.8
Idaho	3,288,110	228	-	1,951,701	282,426	14.5
Illinois	11,993,532	199,909	1.7	10,425,554	196,275	1.9
Indiana	6,002,975	-0-	-	5,126,477	369,935	7.2
Iowa	3,347,216	-0-	-	3,116,614	364,534	11.7
Kansas	3,785,496	1,942	.1	2,232,282	116,519	5.2
Kentucky	3,744,644	30,013	.8	3,869,561	1,246,276	32.2
Louisiana	5,243,129	-0-	-	3,228,298	523	-
Maine	3,756,702	2,255,281	60.0	6,810,152	4,351,852	63.9
Maryland	5,866,902	-0-	-	3,357,350	119,346	3.6
Massachusetts	6,205,350	-0-	-	6,663,520	607,006	9.1
Michigan	6,506,712	105	-	9,376,698	1,454,212	15.5
Minnesota	4,224,523	29,565	.7	4,150,567	100	-
Mississippi	4,057,814	-0-	-	2,667,995	80,840	3.0
Missouri	5,884,139	88,308	1.5	3,537,537	209,273	5.9
Montana	2,627,651	582	-	1,601,488	201,203	12.6
Nebraska	2,739,698	19,818	.7	2,464,027	11,892	.5
Nevada	3,023,040	13,500	.4	2,096,395	70,519	3.4
New Hampshire	2,452,647	689,529	28.1	5,153,997	960,276	18.6
New Jersey	9,209,541	49,947	.5	5,112,329	15,500	.3
New Mexico	3,382,144	1,807	.1	1,833,051	68,689	3.7
New York	15,647,927	329,106	2.1	18,866,356	3,192	-
North Carolina	5,142,098	30,106	.6	5,459,323	808,902	14.8
North Dakota	2,579,568	143,786	5.6	1,727,303	88,287	5.1
Ohio	9,275,978	1,249,112	13.5	9,872,658	13,101	.1
Oklahoma	4,331,736	1,333	-	2,495,806	24,854	1.0
Oregon	3,325,524	1,552	-	3,358,382	677,388	20.2
Pennsylvania	5,157,016	98,967	1.9	15,814,866	-0-	-
Rhode Island	3,276,659	-0-	-	2,836,157	12,914	.5
South Carolina	3,710,341	18,104	.5	3,302,322	180,431	5.5
South Dakota	3,079,838	7,993	.4	1,668,264	326,533	19.6
Tennessee	3,659,420	-0-	-	5,286,969	961,351	18.2
Texas	10,618,848	122,062	1.1	9,557,361	400,305	4.2
Utah	3,218,912	56,589	1.8	2,653,953	-0-	-
Vermont	2,127,009	4,223	.2	2,336,862	416	-
Virginia	6,664,858	169,177	2.5	4,170,742	40,675	1.0
Washington	4,975,345	1,505	-	4,750,452	6,378	.1
West Virginia	$3,875,381	-0-	-	2,006,712	147	-
Wisconsin	4,492,425	708	-	4,531,134	11,724	.3
Wyoming	2,369,832	1,630	.1	1,825,722	104,192	5.7
District of Columbia	691,500	13,252	1.9	1,004,713	6,896	.7
Puerto Rico	2,868,008	1,031,509	36.0	7,215,429	3,976,536	55.1
Virgin Islands	146,358	70,000	47.8	208,917	83,565	40.0
Guam	194,004	49,188	25.4	199,442	144,861	72.6
Am. Samoa	-0-	-0-	-	46,466 6/	80,017	
Contingency						
TOTAL 1/	$260,312,970	$7,697,613 5/	3.0	$252,845,685	$25,546,498 5/	10.1

1/ Totals may not add due to rounding.
2/ Includes FY 1980 Apportionment and carryover funds from FY 1978 and 1979.
3/ Includes FY 1981 Apportionment (Revised 11-18-81) and carryover funds from FY 1979 and 1980 less 1981 amounts.
4/ Includes Unobligated Balance less Unobligated 1981 funds.
5/ Does not include unapportioned monies in the Contingency Reserve and the Special Reapportionment Account.
6/ Does not include reapportioned money.

STATEMENT OF WARD CHAMBERLIN, SECRETARY AND MEMBER OF THE BOARD OF TRUSTEES, NATIONAL ASSOCIATION OF PUBLIC TELEVISION STATIONS

Senator BURDICK. Thank you.

Our next witness is the National Association of Public Television Stations, Chalmers Marguis.

Mr. CHAMBERLIN. Senator Burdick, I'm Ward Chamberlin, president of WETA, Channel 26, here in Washington, also a member of the board of trustees of the National Association of Public Television Stations, representing 296 public television stations across this country.

We're grateful to you, sir, for your continued support of public television, and we know that you have a fine public television system statewide in North Dakota. It's been one of the leading systems that we've had in this country.

We felt it would be remiss on the part of public television if we did not come before this committee to express the importance to us of the National Endowment for the Arts and the National Endowment for the Humanities, and to express our support for continuing to maintain at least their 1982 level of appropriations.

If we in public television have made a contribution to this country—and we think we have—a large part of that contribution has been made possible by the National Endowments. They have put up money for major programs in public television, whether its "Dance in America," "American Playhouse," "Great Performances," or "Live from Lincoln Center." Many of our major programs would not have been possible without grants from the National Endowment for the Arts and the National Endowment for the Humanities. They have in no case put up all the money for these programs, which have gone to millions of Americans. They have put up small percentages. That has been the glue that has held our programs together.

So, we urge you to support the National Endowments at their present level of appropriations.

PREPARED STATEMENT

Thank you very much, sir.

Senator BURDICK. You got to the point, and I thank you.

[The statement follows:]

STATEMENT OF WARD B. CHAMBERLIN

I am Ward Chamberlin, secretary and member of the board of trustees of the National Association of Public Television Stations. I am also president of Washington, D.C.'s public television station, WETA and WETA-FM. I offer this testimony in behalf of WETA and the 296 other public television stations of the United States.

SUMMARY

The public broadcasting community believes that (1) the Endowments have made possible quality programing which would not have been funded otherwise; (2) that the modest level of Federal support has generated at least as many non-Federal dollars; (3) that the cost of these activities in terms of the number of Americans served has been very low indeed; and (4) that the results in public appreciation of the riches of America's cultural and educational resources has been most impressive. For these reasons, we argue that it is unwise to cut the Endowments further, and we are concerned that, without continued strong Federal support, these will not be sufficient funds to carry on.

The partnership between the Endowments and public television extends back 16 years. Since 1967, over 1,000 public television and radio programs have been funded by the National Endowment for the Humanities and by the National Endowment for the Arts. Clearly both Endowments have considered public broadcasting a major factor in developing and dissemination arts and humanities projects. We believe the reasons for this partnership are obvious: public TV has a demonstrated capacity to reach large numbers of persons in homes and schools—economically and effectively. Putting this together with the fact that public TV has developed a storehouse of highly creative writers, producers and performers and the partnership seems inevitable.

There is no way to overemphasize the creative link between the arts and humanities in America and our system of public broadcasting. Together we try to preserve and display our cultural heritage; together we hope to nourish the creative promise of our present and future. Together we aim not just to survive but to thrive. It is hard to imagine a public television service without "Live from Lincoln Center," "Dance in America," or "Great Performances." Together we have shown that the profound can be popular—popular enough to attract voluntary substantial financial support from millions of viewers.

For example, one performance of "La Boheme" telecast live from Lincoln Center was viewed by 5.1 percent of all American families, an audience that otherwise would require 2,500 sold-out performances of the Metropolitan Opera. More people will watch the 36 Shakespeare plays on public television than cumulatively have seen them in theaters throughout the world during the last four centuries.

Our help in building television audiences for the arts does more than bring culture into American homes, it fosters the growth of tomorrow's audience in our theaters. When attendance at the Metropolitan Opera exceeded 99 percent of the hall's capacity for the first time in history, executive director Anthony Bliss attributed a good part of the increase to the Met's having been on publc television. Perhaps more importantly, he feels that public broadcasting in the future is a fundamental element in the Met's ability to expand its services, maintain itself, even survive. John Goberman, director of the Media Development Department for the Lincoln Center agrees that more people are coming to see live dance and opera because they have seen it on television. And according to Edward Villella of the New York City Ballet, "Through public television we are building an audience throught the country. Twenty years ago you could shoot deer in City Center—500 people on a Saturday night in a theater that seats 3,600 people. Today, the theater is jammed for eight performances a week . . ." Itzhak Perlman feels the same way.

Some of our newer services will build even larger future audiences. Beginning last fall, 500 colleges across the country began offering courses for credit in conjunction with 206 local public television stations. One of those courses, humanities through the arts, includes 30 programs surveying film, drama, music, literature, painting, sculpture and architecture, examining each art form from four perspectives: historical context, elements of the art, form and meaning as well as criticism and evaluation. Another course is based on the Shakespeare plays.

In other cases we deliver American citizens their only cultural service. And we broadcast to the homes of those who cannot afford the price of a theater ticket and to our disabled or elderly citizens who cannot visit their local museums and libraries or travel to distinguished performances in distant places.

And so today, Lincoln Center is live—not just in New York City but in living rooms throughout America; the genius of a Mark Twain or William Faulkner becomes instantly accessible and inviting to read.

That there is a substantial public audience for this programing, is exemplified by the success of such NEH-supported programs as "The American Short Story Series," "In Pursuit of Liberty," "The Best of Families," "Odyssey," and "Hard Choices." These series have not only been acclaimed by critics, but have attracted, cumulatively, more than 10 million people each week. Through direct broadcast on national public radio or the public broadcasting service, radio and television programs supported by NEH have reached audiences estimated at 23 million families in 1977, 27 million in 1978, 29 million in 1979, 30 million in 1980, and 31 million in 1981. The productions are also used, often with specially prepared written materials, by public schools, libraries, colleges, and local civic groups, so that their audience is further expanded and their impact is extended well beyond the original broadcast date.

The National Endowment for the Arts funding of arts programing on television has had an enormous impact in making the arts available in the United States. In October 1981, the Endowment announced the largest round of arts programing grants in its history. Some $7 million, mostly to public television stations, was awarded to sustain such celebrated programs as "Live at the Met," "Live from Lincoln Center," "Dance in America," as well as a number of new series still in production. The focus on specific art forms, such as dance and opera on television, has totally transformed public consciousness of these forms. When 32 million people watch eight televised operas from the Metropolitan season (as they did recently), this is the equivalent to filling the Metropolitan Opera House, 365 days per year for 23 years and 1 month.

The grants made by both Endowments have stimulated many other grants—from business, foundations, and from the Corporation for Public Broadcasting, toward matching productions that no single funder could itself afford. In addition, local funds given to public radio and TV stations have paid the costs of networking and broadcasting these programs. The Endowments' funds given to public broadcasting projects have been much more than matched with such other production and broadcasting contributions.

NAPTS believes that funding for the Endowments ought to remain at the same funding level as in fiscal year 1982. The Endowments sustained substantial cuts in fiscal year 1981. But to allow these funds to drop to the levels proposed for fiscal year 1983 is, in our view, most unwise. We do not argue that the funds within the Endowments ought to be redistributed in order to meet these media needs. We think the Endowments have done an admirable job of balancing competing interests in funding needs.

In terms of media budgets, in fiscal year 1981, NEA provided 63 grants totaling just over $7 million; NEH grants totalled some $9.5 million (details attached). Taken together, the Endowments thus provided over $16.5 million for media projects.

For fiscal year 1983, however, we understand that the Endowments together project media grants of less than $7 million; a more than 50 percent drop in 2 years. While we in public broadcasting will make every effort to find replacement funds for projects which thus could not be funded, public broadcasting itself is facing cuts of over $55 million in fiscal year 1983 Federal funds, and widespread cuts in State funding as well. We do not believe we will be able to make up the difference. Thus, we will not be able to produce even half as many programs in the arts and humanities next year as we did last year. The likelihood next year of seeing another "Adams Family Chronicles," "Odyssey," or "Live from Lincoln Center" is very small indeed.

Our artistic and cultural heritage is preserved as a public trust, delicately perched on a three-legged stool of strong support—with financing from the Federal Government, business supporters and American viewers and listeners. This partnership will be preserved with continued Federal support—and imperiled without it.

History judges societies on their arts and on their scholars. We would try to escape that judgement at our peril.

STATEMENT OF E. LELAND WEBBER, CHAIRMAN, LEGISLATIVE COMMITTEE, THE AMERICAN ASSOCIATION OF MUSEUMS

Senator BURDICK. The next witness is the American Association of Museums, E. Leland Webber.

Mr. WEBBER. Senator Burdick, I'm Leland Webber, president emeritus of the Field Museum in Chicago. I am chairman of the American Association of Museum's Legislative Committee.

I thank you for the opportunity to appear in support of the NEH and the Institute of Museum Services.

You have my formal statement for the record. I should like briefly to summarize the content of that statement.

In it, I've made a specific point rather than speaking in general. I speak from museum perspective, although I believe that my point is valid for most of the types of institutions served by the two Endowments and, of course, by the Institute of Musuem Services.

America's museums have always been, should be, and will continue to be predominantly funded and managed at the local and State level with a meld of public and private funds. But major museums from coast to coast serve many agencies of the Federal Government and also the national interest generally. My formal statement includes varied examples.

It therefore follows that the national responsibilities and services of these museums and other humanistic and artistic institutions must be recognized by the Federal Government, and the Government should continue to assume modest funding responsibilities for them.

If the entire museum support programs of the two Endowments, the Institute of Museum Services, and museum grants from the National Science Foundation were be be added together at their highest previously existing level, the total would be less than 5 percent of the approximately $1 billion annual operating budgets of American museums.

Similar orders of magnitude figures were developed and the same comparisons were made with the performing arts institutions, libraries, and other types of institutions that these agencies serve.

It has been said that the loss of such modest support would not be felt, but these are critical funds that often are the most dynamic funds in an institution which is hard pressed to cover routine daily operating costs, energy, security, salaries, and the like.

The budget process this year will be the most difficult in decades.

The nonprofit community understands and supports the administration's program to restore fiscal stability to the economy. Indeed, nothing could be more critical to our survival than bringing inflation under control. It would be presumptuous of me to demand or even suggest specific funding levels.

I can only ask that the Congress consider Federal responsibilities as it grapples with fiscal realities.

PREPARED STATEMENT

Rescission of IMS funding and additional major reductions in NEA and NEH funding from the 1982 level would, in my opinion, constitute an inversion of what the new federalism is intended to be. It would be an assertion that the Federal Government expects local givers and local governments to cover costs that accrue from service to the national interest and even service to the Federal Government itself.

Thank you very much.

Senator Burdick. Thank you, Mr. Webber.

[The statement follows:]

STATEMENT OF LELAND WEBBER

Mr. Chairman, I appreciate the opportunity to appear before the Subcommittee in support of appropriations for the National Endowment for the Arts, National Endowment for the Humanities and the Institute for Museum Services for fiscal 1983. I have spent more than 30 years of my working life in the museum world, on the staff of, and for the last 20 years, as president and director of the Field Museum of Natural History in Chicago. Thus, I will speak from a museum perspective.

I am sure that the Committee has heard much about museums in recent years - their number, more than 5,000; their visitors, more than 350 million annually; their budget around $1 billion annually; their critical importance as custodians of the collections that comprise the nations artistic, historic, and scientific heritage.

Except for a limited number of federal museums, principally in the District of Columbia and the National Parks, our museums are governed, operated and funded on a local or statewide basis, either as public or private institutions in a public/private partnership.

Today I should like to focus my remarks on American museums as they serve the national interest; also, and more specifically, as they serve the federal government itself. Since I know my own institution best, I will cite activities and programs of the Field Museum to make my point, while emphasizing that these are but examples of activities of major museums of all types from coast to coast. The Field Museum collections number more than 13 million specimens in the areas of Anthropology, Botany, Geology, and Zoology. The collections are well documented. Many are computerized for quick retrieval and screening of information. The collections are a national resource for the federal government and by universities and research institutes from coast to coast, indeed across the world.

Many agencies of the federal government depend on Field Museum for collaboration in their agency mission. The Rocky Mountain Laboratory of the National Institutes of Health regularly requests assistance in the identification of insects suspected of being vectors of communicable diseases. Similarly the Gorgas Lab of the U.S. Public Health Service, the Texas and Florida labs of the U.S. Department of Agriculture come to the Museum for assistance.

For 35 years the U.S. Navy Medical Research Unit #3 in Cairo Egypt has sent mammals and their parasites to Field Museum for identifications which have permitted the Navy unit to monitor disease in Egypt and the Sudan and, in some cases, isolate the vectors of the disease. Similarly the Public Health Service called on one of our curators for assistance that ultimately led to control of an outbreak of hemorrhagic fever in Bolivia.

The U.S. Customs Service regularly calls on Field Museum experts for identification, dating and authenticity for a wide range of material from spices to ancient artifacts to furs. The Fish and Wildlife Service does the same. So does the U.S. Forest Service in connection with its management of the biota of the National Parks.

When the U.S. Army was developing possible alternate routes for a sea level alternate to the Panama Canal Field Museum Scientists collaborated in a survey of ectoparasites of Panama and the Museum published a 860 page monograph for the Army.

As the space program developed, and before manned flights to outer space, meteorites were the only tangible evidence available to tell us of the composition of extraterrestial bodies. Field Museum's meteorite collection, one of the half dozen largest in the world, repeatedly was used and continues to be used, by NASA and other investigators.

The F.B.I. has received assistance from our curators in their investigations of stolen materials and in matter of illegal importation - primarily of art and archaeological objects.

In citing these examples of service to the federal government, I emphasize that no renumeration is offered us and none has been requested. We serve the public interest, and federal governmental programs are part of that interest. But the costs must be born by very limited operating funds.

I should like now to move to a broader consideration of service to the national interest, as distinguished from the federal government itself. I have previously alluded to the collections of the museum as a national resource. These collections are used constantly by visiting scientists and scholars from throughout the United States and the world. They are also sent out extensively on loan. At any given time more than 100,000 specimens may be on loan to federal agencies, to universities, and to freestanding research institutions. A recent sampling of our 1981 loans indicates that more than 90% are outside the State of Illinois, from Harvard University to the University of California; the Florida Department of Agriculture to the U.S. Geological Survey; and from The Metropolitan Museum of Art to the Honolulu Academy of Art.*

Our library similarly makes loans. In a recent year 35% of the volumes went outside of Illinois. The Field Museum Library is a depository for the U.S. Government Printing office. These publications are, in turn, made available to Midwestern users. In similar fashion the Museum is a depository for topographic and other maps published by the U.S. Geological Survey, which are also made available to users.

The most visible aspect of a museums' activity is its general attendance - the visitors to its exhibition halls. Here, again, a national scope is evident. Of our more than 1 million annual visitors, more than 40% come from outside Illinois.

I reiterate that I have used the single institution that I know best and for which I have specific information abailable, as an example. The focus, of course, varies by discipline - an art museum function is different from a science museum, and so is that of a historical museum. But major museums throughout the country serve the federal government and the national interests similarly. Each discipline in its own way.

America's museums have always been, should be, and will continue to be predominately funded and managed at the local or state level, with a meld of private and public funds.

The national responsibilities and services of these museums must be recognized, however. We feel that with such recognition should come some modest continuation of federal support for museums.

To give some perspective to the modest level of that support, I cite the following. If the entire museum support programs of the two Endowments for the Arts and Humanities, the Institute for Museum Services, and such grants as flow

*See attachment for a more comprehensive sampling of loans.

to museums from the National Science Foundation were to be added together - at their highest previously existing level - the total would amount to less than 5% of the operating budgets of American msueums. Similar figures would develop if the same comparisons were made with the performing arts institutions, libraries, and other types of institutions that these agencies serve. The museum programs of the National Endowment for the Arts and the National Endowment for the Humanities have been of critical importance, albeit modest in size, to the country's museums. It is precisely those functions that serve the national interest that have been most strengthened by the NEA and NEH museum programs - major exhibitions that have served the entire nation and which could not have been presented without help of the endowments; projects that serve the entire field, rather than a single institution; assistance to regional conservation laboratories that reduce duplication of facilities; development of prototype programs that become national models. The Institute for Museum Services is less than 5 years old; its budget is modest indeed - $11.5 million in fiscal 1982. But those dollars are an important part of the very small federal commitment to museums.

Program budgets for the three agencies with which we are concerned today were in fiscal 1981:

NEA	$ 158.5 million
NEH	151.3 million
IMS	14.8 million

Inflation in fiscal 1982 will probably be approximately 7.5%; that for fiscal 1983 is estimated in the administration budget at 6.5%. Thus even level funding in constant dollars compared with 1981 for the three would be, in fiscal 1983:

NEA	$ 181.5 million
NEH	173.2 million
IMS	14.8 million

The budget process this year will be the most difficult in decades. The museum community understands and supports the administration's program to restore fiscal stability to the economy. Indeed nothing could be more critical to our survival than bringing inflation under control. It would be presumptuous of me to demand or even suggest specific funding levels. I can only ask that the Congress consider federal responsibilities as it graples with fiscal realities.

Recission of I.M.S. funding and additional major reductions in NEA and NEH funding from the 1982 level would, in my opinion, constitute an inversion of what the new federalism is intended to be. It would be an assertion that the federal government expects local givers and local government to cover costs that accrue through service to the national interest or even to the federal government itself.

I will be happy to answer any questions that the Committee may have.

Sample of United States agencies and institutions
to which Field Museum loans were made in 1981

UNIVERSITY

Harvard
Univ. of Texas
Texas A & M
niv. of Michigan
" " Connecticut
" " Georgia
" " N. Carolina
" " Wisconsin
" " California - Berkeley
" " " - Davis
" " Washington
" " Nebraska
" " Florida
" " Illinois
" " Chicago
" " Colorado
" " Southern California
" " Maryland
" " Minnesota
" " Arizona
" " Texas
" " Kansas
" " Nebraska
" " Washington
" " New Mexico
" " Manitoba
" " Calgary
Iowa State Univ.
Pennsylvania State Univ.
Louisiana State Univ.
Ohio State Univ.
N. Dakatq State Univ.
Michigan State Univ.
Florida State Univ.
Oregon State Univ.
New Mexico State Univ.
Cornell Univ.
Indiana Univ.
Syracuse Univ.
Duke Univ.
Rutgers Univ.
Texas Tech. Univ.
Purdue Univ.
New York Univ.
thwestern Univ.
hanover College
Dickinson College, PA
Lehigh Univ., PA

GOVERNMENTAL

Smithsonian Inst.
U.S. Dept. of Agriculture
U.S. Geological Survey
U.S. Forest Service
Florida Dept. of Agriculture
Illinois State Museum
U.S. Fish & Wildlife Service

INDEPENDANT INSTITUTIONS

N.Y. Botanical Garden
Missouri Botanical Garden
Met. Museum of Art, N.Y.
Hinsdale Medical Center
Newberry Library
Charleston Museum
Art Institute of Chicago
Lake view Museum, Peoria
Honolulu Academy of Art
Headly - Whitney Museum, KY.
LosAngeles Co. Museum, CA.
Museum of Fine Arts, Boston
Fine Arts Museum, Mobile
Museum Fine Arts, Florida
Cincinnati Museum Nat. Histo
Fine Arts Museum, San Fran.
Honstone Museum Nat. Science
American Museum, N.Y.
~~Royal Ontario Museum, Ottawa~~
Museum of Zoology, Louisiana
DesMoines Center of Sci.& Inc
Carnegie Museum Nat. Hist., P
Oklahoma City Zoo
Savannah Sci. Museum, Georgia
Cal. Academy of Sciences
North Carolina State Museum

STATEMENT OF MICHAEL L. AINSLIE, PRESIDENT, THE NATIONAL TRUST FOR HISTORIC PRESERVATION

Senator BURDICK. The National Trust for Historic Preservation, Michael Ainslie.

Mr. AINSLIE. Mr. Chairman, I'll do my very best to be very brief.

The National Trust was chartered by the Congress of the United States in 1949. For the last 16 years, it has enjoyed partnership with the Department of the Interior and the State historic preservation officers in carrying out the national preservation program.

We, as all of us in the preservation community, were shocked to see that Secretary Watt has proposed zero funding for the National Trust and for the State historic preservation matching grant program for 1983. This was proposed partially last year, as you will recall, and the full Appropriations Committee overturned that in the Senate. We were grateful for that support and for your continuing support for historic preservation.

We see a national program that has worked effectively and is working to bring about not only preservation of our important historic resources, but community economic revitalization throughout America.

The National Trust has expanded its program, so that we now not only are a steward of some 75 nationally significant properties through our historic museums, our adaptive use of several of our properties, and an extensive easement program, but today we run programs in low-income historic districts through our inner-city ventures fund, main street revitalization through our National Main Street Center, and extensive other programs that take historic preservation to the people of our country.

We now estimate some 2 million people are involved in the 2,600 member organizations of the National Trust. They have come to expect leadership from not only our organization but from the Department of the Interior and the States through the matching grant program.

We find it very disturbing that a Sectretary of Interior would, in our view, ignore the Federal mandates that have been passed down now for over 30 years to carry out this program.

We have seen funding drop from $60 million 3 years ago in 1979 to $25.5 million this year. We urge you strongly to consider a minimum funding of $30 million for historic preservation, with an earmarking of $4.6 million for the National Trust to continue to carry out the partnership that has worked and continues to work effectively to preserve our important historic resources in the country.

Thank you.

Senator BURDICK. Thank you Mr. Ainslie.

PREPARED STATEMENT

Senator **Burdick**. The time has arrived when we should be over with this hearing and I have another commitment. The balance—there are three witnesses left—will be heard by the subcommittee's clerk, Frank Cushing.

Your statements will be a matter of the record.

[The statement follows:]

STATEMENT OF MICHAEL L. AINSLIE

Mr. Chairman and Members of the Committee, the nation's commitment to preserving its history has been placed in doubt.

In a radical departure from some 15 years of bipartisan support for the preservation partnership, the Administration proposes to eliminate matching grants for the state preservation programs and for the National Trust. Within the National Park Service, a reduction of money and personnel to administer the National Register of Historic Places and carry out related activities that serve the whole country is planned. The Advisory Council on Historic Preservation would be drastically cut at a time when it is under pressure to make weakening changes in its review of federal agency projects affecting historic properties.

The Administration's budget proposes an indirect dismantling of the successful federal-state-private partnership which has been in place since the Historic Preservation Act of 1966 and was renewed and strengthened in the 1980 Amendments. National responsibility extends beyond National Park boundaries to the thousands of individual landmarks, districts and neighborhoods deserving of protection in thousands of communities. The Congress should not allow the federal government to abdicate its responsibility for the history that Americans live with every day.

If the state programs are eliminated; if the National Trust is crippled as the leader of private sector preservation; if the Department's Office of Archeology and Historic Preservation is given inadequate resources; and, if the Advisory Council is no longer an effective check on sometimes insensitive and unresponsive federal agencies, then we are likely to repeat the shameful history of destruction that led to the Historic Preservation Act of 1966. We stand to lose even more of our irreplaceable historic sites and objects, our native architecture, and our sense of identity and community. In a mature country, this is reason enough to reject the Administration's proposals. The battle that Congress declared in 1966 to preserve the best of our historic heritage is not over. It cannot be abandoned.

The programs of the Department of the Interior, the state historic preservation offices, and the National Trust form the three-legged stool that supports private sector preservation efforts. Private preservation cannot work as expected without the federal and state governments, as well as the National Trust, carrying out their essential complementary roles.

The Office of Archeology and Historic Preservation within the National Park Service is responsible for the federal portion of this three-way partnership. Any reductions in its staff and budget will place an even greater burden upon an office already hard-pressed to perform its legally-mandated preservation responsibilities, including the administration of the National Register of Historic Places and the preservation tax incentives program.

The states currently provide the staff and expertise necessary to carry out the Department's federally-mandated activities of identifying and nominating properties to the National Register and certifying properties and their rehabilitations for the preservation tax incentives offered by the Economic Recovery Tax Act of 1981. In addition, they review federally-assisted projects that affect historic properties. The states do this work for 50 cents on the dollar. Despite assertions to the contrary, the states cannot be expected to undertake these activities without federal support.

The preservation tax incentives, while an important stimulus for preservation, are not a substitute for the other crucial activities of the national preservation program and are, in fact, dependent upon the state's nomination and certification processes. Tax credits do not conduct surveys and make nominations to the National Register, but they will add to the demand for them. They will not help federal agencies meet their preservation mandates.

The third partner in the nation's preservation program is the National Trust. The Trust is fulfilling its part of the Congressionally created federal-state-private preservation partnership. We have effectively stimulated private sector involvement and investment in preservation. We have done what the Congress intended when it created the Trust in 1949 and when it authorized financial assistance in 1966. As we describe below, the Trust has been a prudent and efficient recipient of federal funds.

The National Trust Today

Today the National Trust is a leader in the national preservation movement. It provides a national sense of direction, program models, and technical information and assistance. It is an innovator, responsible for a variety of unique programs which leverage substantial private dollars. You are familiar with many of them.

The National Main Street Center, which evolved from the Trust's original Main Street Program, is now building successful public-private alliances in 30 cities in 6 states to promote the self-sufficiency and economic revitalization of historic small-town business districts. The first year has already shown impressive results: 22 low-interest loan or subsidy programs have been established; 164 rehabilitation projects costing a total of $5.6 million have been undertaken; 42 downtown organizations have been newly-formed, or reorganized.

The Neighborhood Conservation Program currently provides over 4,500 local organizations, representing 875,000 members, with advice and training to help them undertake self-help projects to improve and maintain their neighborhoods. In addition, a bimonthly newsletter, the only national publication of its type, provides information on neighborhood conservation techniques, fosters interaction between thousands of neighborhood groups, and identifies available resources and programs. Neighborhoods reached by the newsletter represent populations exceeding 12 million people and residential real estate with an estimated value of $100 billion.

The Endangered Properties Fund is the only source of emergency money to protect properties of national significance from immediate threats. Because the Trust is a private organization, it can respond quickly in critical situations. For example, a loan of $100,000 enabled the City of San Angelo, Texas, to buy original buildings at the Fort Concho National Historic Landmark (a post-Civil War army fort) that were destined for sale to an unsympathetic owner for probable demolition. Three loans totaling $120,000 were made in FY 1981. The added investment of $635,000 by the recipients has resulted in a total investment to date of $750,000, leveraging more than $5 for each Fund dollar invested.

The Maritime Preservation Program recently concluded its participation in an innovative partnership with the Department of the Interior and the State Historic Preservation Officers. This partnership effectively and efficiently utilized the resources and capabilities of the three partners to implement the disbursal of the $5 million of the FY 1979 Historic Preservation Fund appropriation designated for maritime heritage projects. The Trust was uniquely qualified to assist the Department in this area because we had the necessary technical expertise and a greater flexibility than the states to handle a wide diversity of project types. The Maritime Preservation Program, the only national program of its kind, provided technical and administrative oversight to 59 of the 84 projects selected to receive assistance.

We have continued to be a prudent steward of the nationally important properties entrusted to us. We oversee 75 pieces of real estate. The 17 Trust properties which are open to the public serve as national models of creative ways to preserve, finance and utilize historic sites, including adaption for present-day use and cooperative management with cost-efficient local organizations. They are important cultural, educational and tourist-oriented assets in their local communities. Over 325,000 people visited these properties in 1981. Each of the eight museums directly managed by the National Trust employs 6-35 employees from their communities and does an average of $35,000 worth of business with local firms annually.

New Initiatives

Last year I introduced to you the Inner-City Ventures Fund. The Fund was established to encourage creative private approaches by community organizations to housing rehabilitation and commercial revitalization in their own minority and low-income neighborhoods. It has been funded through a creative partnership between the Department of the Interior, private foundations, and the Trust. It is one of the few national assistance programs set up to illustrate the vital role community organizations can play in community development and the only such program operating for the benefit of historic districts. In this first year, 11 recipients have been selected from among the 148 organizations that applied. $850,000 in grants and loans was awarded for projects with total costs of $11,526,000. These projects will rehabilitate 274 housing units, 25 commercial spaces, 175,000 square feet of industrial space and one community hall. Each dollar of Historic Preservation Fund money has leveraged $34 of additional private and public funds.

The Critical Issues Fund was created in 1981 as the only national program designed to promote new methods of resolving major issues of preservation and urban development. It offers matching grants to help underwrite timely, action-oriented analyses and provide technical support for negotiations and cooperative planning with developers, cities and other government agencies planning preservation-related development. Since the program has been in operation, grants totaling $106,225 have been awarded in Chicago, San Francisco, Denver, New Orleans, and Lexington, Kentucky. This has precipitated an additional investment of $268,000 by the recipients.

Our six regional offices continue to act as the vital link to communities, organizations and individuals, answering 30,000 requests annually for information and technical and advisory services. We have strengthened this outreach work in the past year. Because the Trust believes that statewide groups are critical to the continuing development of preservation, we have committed $250,000 in 1982 to provide challenge grants to statewide preservation organizations to enable them to assume a stronger role in preservation in their states.

In all areas of our work, the federal grant allows the National Trust to develop innovative approaches and to stimulate private investment in preservation initiatives. It lets us demonstrate preservation objectives and develop program models. It allows us to work with local groups, communities and governments in using preservation to help solve today's problems, such as deteriorating inner-cities, waterfront areas, small-town business districts and neighborhoods. The unique, often critical, financial, technical and advisory assistance we provide catalyzes local programs and organizations to grow and become self-sufficient.

Proposed Elimination of Funding to the National Trust

For the first time since 1968, the Administration proposes to eliminate matching grant support to the National Trust. This would mean a drop from $4.4 million in FY 1982 to zero in FY 1983. This would be a loss of 43% of our core program budget. Without exaggeration, elimination of support will have a devastating effect on the Trust.

The prospect of no federal funding forces us to contemplate the following measures:

- -Elimination of two financial assistance programs and two technical and advisory assistance programs made possible by the Historic Preservation Fund;
- -Closure of half of our regional offices;
- -Severe curtailment in the operations of half of our properties;
- -Reduction of our publications commitment by 50%, including combination of our bimonthly magazine and our monthly newspaper into one publication to be issued with reduced frequency;
- -60% reduction in our legal assistance program, which currently identifies and develops legal, real estate and tax planning opportunities and coordinates intervention in significant preservation litigation;
- -80% reduction in Trust promotion of preservation solutions to current social and economic issues; and,
- -Radical reduction of headquarters activities in addition to and in conjunction with all of the above.

The types of measures outlined here result from the financial circumstances of the Trust, which amplify the importance of the federal grant. As the accompanying financial charts show, we put our dollars into preservation action. An analysis of our income, however, shows that much of it is restricted for support of specific properties, or of activities like the Main Street Center or the Inner-City Ventures Fund. Thus, the Historic Preservation Fund grant supports our core activities of financial and technical aid, allowing us to leverage private contributions for the attractive special projects and programs serviced by the core.

Without the federal grant, the Trust would no longer be the organization that the Congress, our membership and the public has come to know and to rely upon. The Trust would be forced to undergo a substantial shift in priorities. Our commitment to servicing our constituency when and where needed would be replaced by a philosophy of assistance to those in need who have the ability to pay, leaving a significant portion of our constituency out in the cold. This will obviously be detrimental to the preservation of the nation's historic heritage and will severely undermine a growing and dedicated grass roots movement.

The National Trust is proud of its many accomplishments and we eagerly look forward to continuing our forward movement. We are increasing our private fundraising efforts and are planning a major endowment campaign. Financial independence is a goal toward which we are striving. But we are not ready yet.

Therefore, Mr. Chairman, we urge the Committee to continue the investment in the National Trust and the federal and state preservation programs. We respectfully urge the Committee to recommend the needed and deserved level of not less than $30 million from the Historic Preservation Fund for the states and the National Trust. We also would urge you to recommed adequate funding for the Office of Archeology and Historic Preservation of the Department of the Interior. We urge you to recommend $4.6 million for the National Trust. We believe that the investment will continue to pay impressive dividends.

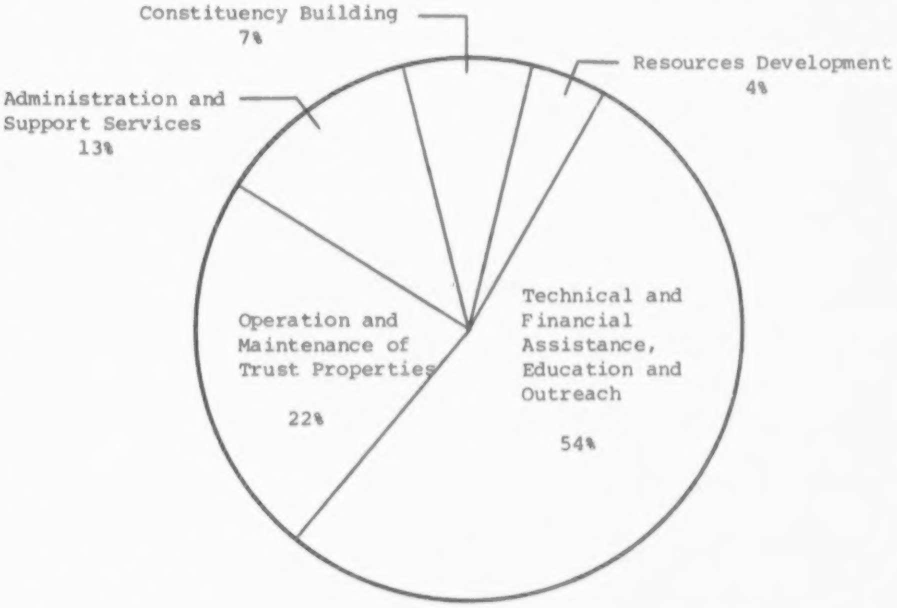
ATTACHMENT I

NATIONAL TRUST FOR HISTORIC PRESERVATION

FISCAL YEAR 1982

Budget Priorities

Over 75% of the FY 82 National Trust $13.9 million budget is allocated to the operation of its 17 nationally significant properties and to the wide range of challenges and needs of communities, neighborhood organizations, house museums, local and statewide preservation organizations and individuals who look to the National Trust for a national sense of direction, program models, technical information and financial assistance.



- More than $3.5 million of the FY 82 National Trust's $13.9 million budget comprises proceeds from Trust property endowments and restricted program funds, over which the organization has no flexibility in allocating to core programs.
- 43% of the remaining core program budget of $10.5 million is funded by the Trust's Historic Preservation Fund FY 82 allocation of $4.4 million.
- If HPF is eliminated in FY 83, the National Trust will be forced to immediately reduce its core program budget by 43%. An increased percentage of the budget will have to be directed to fund the organization's fixed operational costs, rather than those outreach programs which have had the most direct impact upon local organizations and communities.

NATIONAL TRUST FOR STORIC PRESERVATION

..TACHMENT II

FINANCIAL ASSISTANCE PROGRAMS
FISCAL YEAR 1981
Investment In Preservation: A Successful Track Record

The National Trust's seven grant and loan programs in FY 81 provided direct assistance to numerous local organizations and communities to achieve economic goals through historic preservation. In a manner which leverages public and private resources, each program demonstrates the contribution of the preservation of historic resources to the solution of important economic and social issues.

Program	Financial Assistance	Investment Generated	Leverage	Projects	States
Preservation Services Fund (50% HPF) Develops preservation skills in local organizations and communities.	$ 158,000	$1,259,000	1:8	98	38
Annual Maritime Grants (50% HPF) Preserves significant maritime resources.	100,000	1,050,000	1:10	18	14
Maritime Heritage Grants (100% HPF) Part of a $5 million national effort since 1979.	1,142,000	7,950,000	1:7	59	26
Endangered Properties Fund (50% HPF)* Saves threatened national landmarks through grants, loans and acquisitions.	120,000	635,000	1:5	3	3
Inner-City Ventures Fund ($355,000 HPF)* Initiates revitalization efforts in historic district neighborhoods primarily low-income.	850,000	11,526,000	1:14	11	7
National Preservation Revolving Fund (Private) Low-interest loans for renovation and restoration of community historic resources.	300,000	2,962,000	1:10	7	5
Critical Issues Fund (Private) Promotes new methods in resolving major issues of preservation and urban development.	81,000	243,000	1:3	4	4
TOTAL	2,751,000	$25,625,000	1:9	200	

HPF - Historic Preservation Fund
* Privately funded after FY 82.

STATEMENT OF NELLIE L. LONGSWORTH, PRESIDENT, PRESERVATION ACTION

ACCOMPANIED BY:
LEE ABBER, SAVANNAH, GA.
JOHN ELLER, NORTHAMPTON, MASS.

Mr. CUSHING [presiding.] Preservation Action.

Ms. LONGSWORTH. Mr. Cushing, my name is Nellie Longsworth, president of Preservation Action.

Between the three of us, I will take 5 minutes.

I will hand in my statement, which says basically what I have to say.

I'd also say that I'd like to get more information to you to refute what was said yesterday by Secretary Watt before the Appropriations Committee that $650,000 would, in fact, take care of the whole tax certification program. We have information that this cannot happen. It does not take into account what is required for certification and nomination, all of which have to be done before a property can take these tax advantages.

If you will be so kind, I will get that information to the staff and to the members at another time, rather than going through this right now.

I would like to introduce Lee Abber from Savannah, Ga., and also John Eller from Northampton, Mass. .

Mr. ABBER. I'm from Savannah, Ga., where preservation for the last 25 years has been a determined and progressive movement. It's meant a great deal to the city of Savannah. What was less than 100,000 dollars' worth of tourism is now 100 million dollars. With the $300 million in restoration downtown, we've done 1,000 buildings, which is now stated as the largest urban, national historic district in the country.

When Gordon Gray, chairman of the National Trust, in 1966 came to Congress, Congress passed the Preservation Act of 1966 and preservation came into being on a nationwide level. Not only did it get the States involved, but it funded the National Trust at a proper level.

The National Trust has meant everything to preservationists around the country. What we've done in preservation in this country in the last 25 years has been to use private dollars and very little Federal money.

When you think of $26 or $30 million preservation, it took very little money to spend to stimulate the private sector into giving millions and millions of dollars sprung from those acts.

Preservation Action is a broad-based citizen participation group. It is actively involved and represents some 5 million people in preservation that are involved all over the country. And the Department of the Interior gives us grants and surveyors and architects on the State level. As I said before, we would not be in the business of preservation if it wasn't for the Federal match.

In Savannah, we're doing a low-income housing project that involves some 400 units of decent rental housing. It's an alternative to public housing for the responsible poor. It gives them decent places to live instead of being in slums.

If it wasn't for the State presevation officer, Dr. Liz Lyon, and her work, our 7½ million dollars' worth of housing would not get the 1981 Tax Act benefits which we need to accomplish a program of this size. That Tax Act is going to have to be administered. If the State and Federal Governments together don't do it, it will fail and no one will take advantage of it.

Mr. ELLER. Mr. Cushing, my name is John Eller. I'm a general partner of the Wiggins Development Co. in Boston, and we are in the process of redeveloping the Hotel Northampton and Williams Tavern Complex in Northampton, Mass.

This $4 million restoration of what was once the Grand Hotel of western Massachusetts is being undertaken today only because we have been able to take advantage of the tax incentive program and the expeditious and careful work of our State certification office and their technical assistance.

The project is complex. When it was first put together in 1927, it cost $600,000. To redevelop it today costs $4 million. In order to put it all together, we put together a mortgage pool of 14 lenders who have gone into debt for $2½ million. We have sold limited partner shares of $1.1 million. Without that kind of debt-to-equity ratio and a carefuly controlled interest rate to keep the feasibility in place, we would not have been able to undertake it.

More importantly, without the equity coming in in the limited partnership shares, it wouldn't have made sense, because we couldn't have utilized the tax incentive program. And to use that tax incentive program that the Congress passed in 1981, we've had to work closely with the Northampton Historical Commission, the Lower Pioneer Regional Planning Commission, and the State historic preservation office. All have been tremendously helpful. Their technical assitance and turnaround time has made it possible for our investors to have some certainty that the project will go forward. They have committed their funds on the basis of this reassurance.

From our perspective, we would never had undertaken the development. The people who have worked on the construction all summer and this past winter, and the people who are now working in the tavern would not have jobs. When we open it in April, we will employ over 130 people. They would not work if all of this program had not worked to make it happen. And we're dependent on the State office and on the national preservation trust as part of the overall redevelopment of our project, but also the kind of growth and enhancement of life in Northampton that will come from it.

Thank you very much.

PREPARED STATEMENT

Ms. LONGSWORTH. We also believe this can happen nationally for an appropriation of $30 million for both the States and the National Trust. And I ask the committee to please consider this as an appropriate funding level.

Mr. CUSHING. We will consider it.

Thank you. We will look forward to the information you provide us.

[The statements follow:]

STATEMENT OF NELLIE L. LONGWORTH

Mr. Chairman and Members of the Committee. I am Nellie L. Longsworth, President of Preservation Action, the national citizens lobby for historic preservation and neighborhood conservation. Our membership represents the preservation community in large cities, small towns, and rural areas within all 50 States. Our interests range from the protection of our great irreplaceable national historic landmarks to the improvement of neighborhoods through reinvestment strategies. We have been witness to a national program that has inspired cooperation and involvement of all levels of government - national, State, and local - and the private sector since 1966. The visible effect of the preservation program can be seen throughout our great nation.

Once again, as we did a year ago, we stand before your Committee to protest the President's Budget as it relates to the National Historic Preservation Fund. This year, the Administration has zeroed out funding for both the States and National Trust for Historic Preservation, a move that threatens to permanently endanger the preservation of our cultural resources. Our efforts to convince the Administration of the cost-effectiveness of this small Federal investment has fallen on deaf ears and we are now proud to bring our case to Congress. To eliminate funding for a program that has proven its ability to create jobs, save energy, reduce crime, improve blighted areas, and stimulate private investment in the construction and housing industries seems irresponsible and foolhardy.

A concern for our heritage and historic resources has been reflected in law since the 19th century. Through listing on the National Register of Historic Places and a use of appropriate grants we have moved resolutely to protect our great national treasures and to incorporate irreplaceable historic buildings into the fabric of 20th century needs. However, it was not until 1976 that a tax law brought parity for the rehabilitation of historic structures on a par with new construction and investment in older, underutilized buildings began to brighten our cityscapes and communities.

The success of the tax incentives can be shown in numbers. Since 1976, 3,600 projects have used the tax incentives for a total private investment of $1,675 billion in historic rehabilitation. This includes 15,243 housing units, 49% of which are low and moderate income units. A breakdown of projects shows that 46% are rental housing units, 35% office and commercial, 2% hotels, 1% industrial, and 16% mixed. These projects cover all 50 states, and 52% of the developers have stated that the projects would not have been undertaken without the availability of the tax incentives.

To insure that rehabilitation will be compatible with the historic architectural features, and that the life of the building will be prolonged through proven technical methods, certification of plans is required for the 25% investment tax credit allowed under the 1981 law. Certifications are now done in consultation with the States, and the average "turn around time" is 45 days. In 1981 1,500 certifications were completed by the States, while an estimated 2,000 - 25% increase - is predicted for 1982.

It should be noted here briefly that many other services offered by the States are essential for the attraction of developers to the tax incentives. State staffs consult with developers at early stages of planning and assist through on-site inspections, preparation of documents and consultation on the Secretary's Standards of Rehabilitation. The States weed out numerous projects before great expense has been incurred. A project cannot take the tax write-off until it has been through the National Register process or is included within a certified historic district. The costs of performing designation services are important and reflect more than a skeletal staff certification approval team as seemingly proposed by the Department.

Some Administration officials have been heard to plead a case that the $200-300 million revenue loss incurred by the use of tax incentives is enough to spend on the program. Without a smooth process for "jumping through the certification hoops", use of these incentives would languish. And it must not be forgotten that the tax incentives apply ONLY to income-producing properties, not to endangered properties, historic landmark maintenance, or planning grants.

Without funding to compensate the States for completing the Federally-required certifications, the burden will fall upon the National Park Service. In addition to certification requirements, the Park Service will also inherit the job of processing nominations to the National Register and reviewing Federally-funded projects for their impact on historic resources. (186,000 done last year) While some of the latter burden can be distributed to federal agencies which have historic preservation offices, as required by the 1980 law, the paperwork requirements of the N.P.S. program will multiply dramatically. Not only is such a move the antithesis of the Administration's "new federalism", but it will disrupt a cooperative relationship between the Federal Government and the States which has been very successful from the view of the private sector.

A report, distributed by the Department of Interior to the Task Force On Federalism and Preservation sponsored by the Advisory Council reveals that such a move will be more costly to the Federal Government in both appropriated dollars and Federal employees. The projection of staff and outlays for a preservation program based on contractual fees for services administered by the Park Service also shows increased costs and staff over the present Federal/State partnership arrangement. Of great concern to those of us who rely on efficient handling of procedures to attract developers and investors to the tax incentives is the intention of the Administration to move from a total funding level in F/Y 1982 of $21 million for the States (matched 1:1 by the States) to an estimated total Federal program increase of less than $800,000 in 1983. Visions of mailbags of certification, nomination, and technical assistance requests filling the offices of an already overworked National Register staff haunt those who see preservation as a model community redevelopment strategy.

The private sector preservationist looks not only to the States for assistance and professional guidance, but also to the National Trust for Historic Preservation. Through the Trust regional offices and a number of inventive programs - Main Street, the Critical Issues Program and the Inner City Venture Fund to name a few - preservationists can offer their communities plans and programs that will bring economic development while preserving historic resources. Again, the cooperation between the public and private sectors in preservation seems to be a uniquely effective structure that deserves to be supported. We further take pride in the 19 great properties owned and operated by the Trust.

The President's Budget jeopardizes the future of our heritage. A program that seemed to be the model for urban and rural reinvestment in the '80's, requiring such a small Federal appropriation, is threatened as the responsibilities carried out by the 50 States fall singly upon the National Park Service. What has cost $25.4 million to fund in F/Y 1982 cannot be accomplished with an increase of less than $800,000 in the 1983 Federal Budget.

Preservation Action represents those who fear that elimination of funding to the States and the National Trust will result in massive demolition of our heritage as grants and tax incentives become moot when measured against other development opportunities that do not require adherence to standards and quality. We see the work of 16 years in the development of a program that made our architectural heritage important to Americans in towns and cities of all sizes scrapped for non-substantive and non-economic reasons. The losers in the Administration's proposal will be the millions of Americans who watch with anger as developers get rich by obliterating the remnants of the past from our cityscapes and landscapes.

This unnecessary action will not take place if the Congress will support funding for the States and the National Trust through the National Historic Preservation Fund at a level of $30 million in F/Y 1983.

STATEMENT OF JOHN T. ELLER

Mr. Chairman and members of this distinguished panel, my name is John T. Eller; I am a resident of Newton, Massachusetts and a general partner of the Wiggins Development Company with offices in Boston and Northampton, Massachusetts. I am honored to be invited to express my support for adequate funding and maintenance of the state based historic property certification system and for the National Historic Preservation Trust.

While we are a relatively new development company, we established ourselves with the expressed intention of rehabilitating and restoring older and historic properties. Why? We have two reasons:

1. Our development team is highly experienced in the complexities, problems, process and purposes of preserving and rehabilitating historic structures.
2. Today's economy, recent tax law changes, interest rates and incentives for such preservation and rehabilitation make it one of the few remaining development activities (other than high technology) in our part of the country that makes financial sense.

The experience of our development team is extensive in the rehabilitation of older structures, preservation and revitalization. As the former executive director of the Massachusetts Housing Finance Agency (1977-1980) I directed the financing of over one half billion in assisted housing developments. Over $100 million of those developments involved substantial rehabilitation of older structures. We converted historic but deteriorated apartment buildings into solid housing for families and the elderly along with old textile mills, factories and old public and private schools. I also worked closely with HUD to create and implement the National Neighborhood Strategy Area Program (NSA).

My two partners equally have been involved. Joseph Krzys has worked closely with municipal officials, neighborhood groups, organized labor and business and banking leaders in creating public-private partnerships to revitalize properties and neighborhoods, to create jobs and to reduce crime. Irwin Nebelkopf is an experienced general contractor who has built over $16 million in rehabilitation and restoration developments for commercial and residential uses. In 1980 his construction company - Nebel - was named Contractor of the Year by NAAPHC, a national trade association.

The historic rehabilitation development which is the jewel in our small company's efforts to date is the $4 million restoration of the fifty-five year old Hotel Northampton and Wiggins Tavern complex in Northampton, Massachusetts. The complex includes buildings originally built in 1830, others built in 1927 and others restored or built in 1930 to be authentic reproductions. An 1850 general store was recreated with timbers from older pre-revolutionary Connecticut River Valley residences. The original work, conceived and overseen by Lewis Wiggins, was so good that reknowned antiquarian and New York Sun fine arts columnist Charles Messer Stow in 1933 proclaimed Wiggins' restoration as surpassing in atmosphere the Old Apothecary Shop at Fredricksburg (Virginia) and Henry Ford's Greenfield Village in Dearborn (Michigan).

The Hotel and Tavern complex scheduled for reopening this April as a first class restored Hotel has a rich and proud history.

For over forty years it was one of the premier places in western Massachusetts. It was a civic social and cultural center for the area, for New York and Hartford folks and for Smith College and other area college students and alumnus from around the world. First ladies Eleanor Roosevelt and Nancy Regan ate blueberry muffins in the Tavern. President Coolidge was a frequent guest and President Kennedy was no stranger.

The complex deteriorated in the seventies and its room were closed in 1980. Community leaders were battling to halt the abuse and gradual abandonment of the facility. Despite the resurgence of Northampton, the revitalization of the downtown and Northampton's winning of a covete national Main Street Award, the Hotel complex once a cherished and welcoming friend had become a growing menace in the heart of the downtown.

Lead by Northampton Mayor David Musante, the Northampton Development Corporation (NDC), local business, civic and banking official Representative Conte and Senator Tsongas the process to restore the complex was begun in 1980. The NDC sought and received proposals, selected ours and rolled up their sleeves to work with us.

The $4 million redevelopment effort was too large for one bank; yet too small for the National insurance and investment banking houses. Since the spring of 1981 a first mortgage pool of fourteen lenders has been created solely for the complex. $2,550,000 in debt has been raised from seven local banks, Smith College, H.S. Geer Co., Third National Bank of Springfield, Commonwealth Bank of Boston, and three construction trade union trust funds. One other union trust fund is committed also to participate.

The lenders are participating with conventional loans as well as industrial revenue bond purchases through the Northampton Industrial Finance Agency and the Massachusetts Industrial Finance Agency. Additionally, limited partnership shares have been sold for $1,150,000.

Through this prudent but complex process we have maintained our feasibility determinations that the annual interest average not exceed fifteen percent, that we have a conservative 3-1 debt to equity ratio and that no lender or investor have an unreasonable risk.

The only way the sale of the limited partnership shares made financial sense was to utilize the October 1981 investment tax credit accelerated depreciation program for properties in an historic district and eligible for the National Register of Historic Places.

To accomplish this key ingredient we have worked closely with the Northampton Historic Commission, the Lower Pioneer Valley Regional Planning Commission and the State Historic Preservation Office - all of whom have been professional, responsive and most helpful on a timely and effective basis.

We received what is so crucial to a development such as this

1. expeditious review and processing
2. superb technical assistance.

Without the historic tax incentives, the state preservation office assistance and attention, the limited partnership shares would not have made an attractive investment. Without those shares, the overall development would not have made financial sense and would not have been undertaken.

But it was undertaken. Since last summer the Hotel complex has already employed approximately 50 union construction trades men and women. It is already employing about 40 service people in the Tavern and function rooms and when fully operational in a few months will be employing over 130 people. The City of Northampton will see its property tax revenue jump from very little on an almost abandoned building to $100,000 annually. The 1983 gross income is projected at 3.8 million and in 1986 at almost 5.4 million. Taxes on payroll, food, beverage, supplies, equipment and income taxes from employees and business taxes to the state and federal governments from this facility will more than offset the government's lost income from tax exempt IRBs, accelerated investment tax credits, and standard depreciation and losses.

In a 1925 Northampton Gazette article, W.A. Hart, a hotel specialist in considering whether a grand hotel should be built in Northampton asked: "Can it get the traveling man? Do tourists pass through the City? Has it any special source of patronage? If there is one of these elements to be had in good amount there is reasonable cause for a new hotel. If two of them exist the situation is good. If all three exist, that city is a superior hotel opening."

He concluded, "Northampton has all three." In 1981 The Warren Company of Boston and Laventhol and Horwath of Boston found that Northampton still had all three.

Whether it was Mr. Hart in 1925 or the 1981 analyses, the attraction to tourists to the beauty of the Pioneer Valley and the Berkshires, the five area colleges and the business growth is great. Tourism in the area is up 74.6 percent over the statewide average since and will continue to increase in part because this facility can provide the needed rooms and services. Mr. Hart said it best and it's still true, "Northampton has a hotel opening that few cities, if any, can parallel."

Yet in 1927 the grand hotel was built for $600,000. Its rebuilding in 1982 requires $4 million. It has taken the cooperation and commitment of nine banks, four union trust funds, Smith College and H.S. Geer Co., local and state bond agencies, the city government, our development team, hotel operating company, subcontractors, staff and the local and state historic preservation offices.

Each has shared the dream and the hard work. Yet I ask you to consider that one of the most important ingredients was the accessible technically capable and timely responsiveness of the state's historic preservation office.

While the Hotel Northampton restoration is a big part of many people's lives, it is a tiny part of the very large world with which you must deal. But consider as you vote to fund or not fund the historic preservation system and its state offices whether the repetition of the restoration of other complexes like this across the country help or hurt the economy, help or hurt a city or town, help or hurt a local employment picture, help or hurt the feasibility decisions to undertake projects like this.

In 1981 the Congress provided the accelerated tax incentives for projects like the Hotel Northampton. In 1982 you are wrestling with a decision which could totally eliminate the state offices and force a new workload on the Washington offices of the Department of Interior, where they will not have the staff or locally informed knowledge to make good decisions on a timely basis. Even if you increase Interior's budget but still remove the state structures you will have given a major incentive in 1981 and removed it in 1982.

If I have shown you in this one small example how it has helped Northampton and our effort to restore the facility, please vote to fund the state based historic certification system and the National Historic Preservation Fund.

Thank you.

STATEMENT OF J. RODNEY LITTLE, NATIONAL CONFERENCE OF STATE HISTORIC PRESERVATION OFFICERS

Mr. CUSHING. Next is the National Conference of State Historic Preservation Officers, Mr. J. Rodney Little.

Mr. LITTLE. Thank you, Mr. Cushing. I'm Rodney Little, the president of the National Conference of State Historic Preservation Officers and director of the Maryland State Historic Preservation Office.

I will keep my comments very brief, relating primarily to a couple of documents that I have just handed to you. The first one I would call your attention to is a statement made last week by the committee on community and economic development of the National Governors' Association, when all the Governors were meeting here. In their statement, they recognize that the historic preservation program is, in essence, a model for the new federalism, and they urge the the administration to maintain and strengthen the existing historic preservation program as an example of the new federalism.

This committee last year helped us to overturn the Department of the Interior's recommended zeroing out of the State historic preservation program. We believe strongly that the committee recognized that this program is effective and is, in effect, operating under the new federalism guidelines before most Federal agencies have started. In effect, the Department of the Interior could not live up to its mandated historic preservation responsibilities without the participation of the States. DOI, though, has contended that by eliminating the States, they could save some money.

One of the other documents I have given to you is one that had been referred to earlier in testimony. That is a report prepared by the National Parks Service, finished in January, which is entitled "Analysis of Impact on the Federal Budget by Elimination of State Grants to the Historic Preservation Fund." I would call the attention of the committee to it. I will not run through the figures; however, I would note that they find that eliminating grants to the States would not save the approximately $21 million that the States are now receiving, but, in fact, would result in increased costs to the Federal Government of around 18 percent with a substantial reduction in services. So we're going to lose products, lose services, and pay more for it, just to get the States out of the process.

The paper does go on to note, and I would like to quote one small passage, it notes:

> The consequences are predicted to be severe. They may prevent carrying out the announced emphasis on tax benefits for the rehabilitation of historic properties. In addition, severe financial demands will be placed on land managing and project-oriented agencies of the Department of the Interior and other agencies of the Government to meet minimum levels of protection activities.

In addition, the committee has had transmitted to it one other report which is in preliminary form. The chairman of the Advisory Council on Historic Preservation, Alexander Aldrich, called for the creation of a task force to examine alternative means of operating the Federal historic preservation program in the 1980's. The preliminary findings of that task force go beyond the findings of the Interior paper you have in front of you. They find that increased costs to the Federal Government through eliminating the States, would exceed 100 percent increases.

What we recommend is an appropriation for 1983 of $40 million. That is higher than the two previous speakers have requested. We are prepared to justify that within a week and a half. The National Conference will bring to you as we did last year an alternative budget which itemizes in very specific categories the mandated activities, the discretionary activities of the program. We'll put a price tag on it for you so that you'll know what each of these cost. We feel sure that you will agree with us that the best program for 1983 would be $40 million.

Thank you for your time.

Mr. CUSHING. Thank you for your time this morning. We look forward to that report as well.

[The statement follows:]

STATEMENT OF J. RODNEY LITTLE

I am Rodney Little, director of the Maryland Historical Trust and president of the National Conference of State Historic Preservation Officers. I am grateful for the opportunity to appear before you to explain why the national historic preservation program should be funded at an amount no less than $40 million in fiscal year 1983.

The administration—once again—has recommended to you the elimination of the historic preservation fund. When that happened last year we questioned whether the leadership of the Department of the Interior clearly understood how their mandated responsibilities are met. While the mandates to identify, evaluate and protect the Nation's irreplaceable historic resources are administered by the Federal Government, the overwhelming burden of implementation rests on the shoulders of the States. Unless they still do not understand the nature of the Federal/State partnership, then we must question the Department's commitment to its historic preservation mandates.

From the Federal perspective, the preservation of our Nation's heritage is clearly a national goal. Congress, in the National Historic Preservation Act of 1966, declared "that the spirit and direction of the Nation are founded upon and reflected in its historic past" and "that the historical and cultural foundations of the Nation should be preserved as a living part of our community life and development in order to give a sense of orientation to the American people." Recognition was given that there is such a thing as a national identity and that it must be preserved and nurtured. This Nation's cultural heritage was not defined as a handful of landmark monuments, nor only as those historic properties in which a developer might decide to invest for tax incentives.

This strong national purpose was reemphasized when the historic preservation fund was created. This program is funded by a very small portion of the revenues from offshore oil and mineral leases. A positive decision was made that as current generations consumed irreplaceable natural resources, some revenue would be set aside to preserve other nonrenewable resources—our historic properties—for future generations. It is our responsibility not only to care for our legacy, but to pass it and the opportunities inherent in it along to the future.

As succeeding administrations grappled with the problem of implementing the national preservation mandates, a remarkable Federal-State-private partnership evolved. Viable systems to implement Federal mandates were developed in consultation between the partners. National preservation policies and standards provided the flexibility for States to adjust the program to their individual situations; however, Federal agencies and national corporations were assured of one consistent preservation system, rather than having to deal with 57 separate systems.

The Federal Government has been picking up part of the tab: States have matched $1.40 against every Federal dollar in mandated operations; in discretionary projects States have matched Federal dollars at a ratio of 9 to 1. Across the program, whether looking at nominations to the National Register, certification of tax incentive projects, or any of the program elements, the ratio of State to Federal staff hours has been approximately 10 to 1.

A typical and instructive example of the effectiveness of the Federal-State partnership exists in the preservation protection system. Under statute, all Federal agencies are required to conduct assessments of impacts their projects will have on historic properties and to follow specified procedures in resolving adverse effects. During the last year State historic preservation officers conducted reviews of and provided technical assistance to over 150,000 Federal undertakings; Federal preservation personnel became involved in approximately 600 of these cases. In the environmental policy area, the administration of the protections under NEPA are carried out without the benefit of this kind of structured Federal-State relationship. While 10 percent of cases handled under NEPA result in litigation, less than 1 percent of all cases handled under section 106 of the Historic Preservation Act result in litigation.

Frankly, the existing partnership in historic preservation should become a model for the "new federalism," not one of its victims. At last week's meeting of the National Governor's Association, their Committee on Community and Economic Development issued a statement which reads in part: "The national historic preservation program is an effective example of creative federalism. The program allows citizens and State governments the opportunity to assist Federal agencies in insuring that their undertakings proceed with due consideration of the impacts on our heritage. The process has reduced both loss of resources and conflict to an admirable degree. . . . we urge that the national historic preservation program be maintained and strengthened with proper roles and responsibilities for each governmental entity." Clearly, the National Conference supports these views and I would like to submit a copy of the N.G.A. statement for the record.

I am at a total loss to understand why the administration through the Department of the Interior is recommending the dismantling of this small, but effective program. In January, a study was completed by the National Park Service with the intriguing title "Analysis of Impact of Federal Budget by Elimination of State Grants." I urge the committee to examine this paper carefully. It concludes that even with a projected decrease in program services of 35 percent, the Department would not save the anticipated $21 million presently granted to the States; instead Federal costs would increase by 14 to 18 percent, and FTE needs would increase by a factor of 4.7 to 10 times the current level. The paper goes on to note that the ". . . consequences are predicted to be severe. They may prevent carrying out the announced emphasis on tax benefits for the rehabilitation of historic properties. In addition, severe financial demands will be placed on land managing and project oriented agencies of the Department of the Interior and other agencies of the Government to meet minimum levels of nondiscretionary historic property identification, evaluation, and protection activities."

A separate analysis of impact on the Federal budget of the elimination of services which are now performed by the States has been prepared by the Advisory Council on Historic Preservation's Task Force on Federalism and Preservation at the direction of council chairman, Alexander Aldrich. Their work is still underway, but their preliminary report was transmitted to the committee. I urge your attention to this report, as well. I believe it contains a somewhat more realistic perspective on the impacts, and it projects increased Federal costs of over 100 percent.

I urge you to help us get on with the work of historic preservation through your early support of an appropriation of $40 million for the historic preservation fund. Last year several Members of Congress requested the National Conference to develop a budget for a "bare bones" preservation program. We surveyed all the States and territories and produced a zero-based, itemized budget that totalled $38 million. This year's survey will be complete in a couple of weeks, and we would like to share its results with you at that time. At this time we feel that $40 million is a responsible level adequate to address the needs of the States, the national trust, and certified local governments as well as the problems facing the Department of the Interior.

STATEMENT OF HOWARD DOOLEY, NATIONAL FEDERATION OF STATE HUMANITIES COUNCILS

Mr. CUSHING. Last on the list today is the National Federation of State Humanities Councils.

Mr. DOOLEY. Mr. Cushing, my name is Howard Dooley. I'm vice chair of the Michigan Council of Humanities and associate professor of humanities at Western Michigan University. I'm substituting for Dr. Jacob Nyenhuis, dean of arts and humanities at Hope College in Holland, Mich., chairman of the Michigan Council for the Humanities and president of the National Federation of State Humanities Councils. You have his formal statement for the record. I'll just read a few passages of it that contain the key message.

The State humanities councils in the States and the District of Columbia and Puerto Rico, are made of volunteers from all sectors of American life and play a central role in the efforts of the National Endowment for the Humanities to carry out its mission. First, we seek through the projects we sponsor and through allied activities to demonstrate the importance and efficacy of the humanities in the contemporary world.

Second, we aid in the dissemination to the public of the great traditions of the humanities, as they have been expressed in the disciplines, for example, of literature, history and philosophy.

Third, we are a major source of assistance to grassroots efforts to foster local cultural understanding.

Last, in all our efforts, we fortify the disciplines of the humanities by providing opportunities for their public use.

The Federation of States Humanities Councils supports all the Endowment's programs, since each in its own way makes the humanities stronger and more valuable to the public. We were gratified last year when this subcommittee determined that the NEH and the State councils deserved an appropriation higher than that proposed originally by the administration. We think there are good reasons for you to do so again this year. The President's Task Force on the Arts and Humanities has found the NEH and State councils to be effective, well-managed organization whose contributions to our national life are beyond dispute. While the task force made no recommendation about appropriations, this report certainly implied that any reductions in the Endowment's very modest budget would severely impair its ability to carry out its mission. Even if the task force proposed expanded private funding for the humanities, it acknowledged the need to keep the NEH appropriation high enough to maintain the delicate balance between private and public initiative, which has proven so successful in recent years.

The experience of our members reflects the national trend. Each year since 1975 there have been significant increases in private funds for public humanities programs. The main reason, of course, is the quality of projects and their beneficial effects on local communities. As a 1980 study we did, demonstrated Federal funding has been a strong inducement to private giving. The State councils are excellent proof of how productive this partnership can be, and we urge the subcommittee to recommend an NEH appropriation which will continue to strengthen it.

The health of this Nation's educational and cultural institutions is threatened by the unstable economy, and we all see the need to be prudent in Federal expenditures, as we seek the most equitable and effective system of public support for the humanities. Congress has repeatedly recognized, however, that the impact of this appropriation in this area is very much larger than the small Federal allocation. This is demonstrated each day by the efforts of teachers and scholars in the humanities to make learning more accessible, pleasurable, and useful. The State councils which support these efforts can provide inspirational evidence of public enthusiasm for it in small towns and cities among Americans from widely diverse economical and political backgrounds. They all wish to be better informed about the past, and hence, better equipped to go forward in the present.

The State council has a very good case for a prominent place within the Endowment's general missions. We suggest that as the subcommittee considers the fiscal 1983 appropriation, that they remember the very large reduction the Endowment sustained in fiscal year 1982.

Mr. James Russell Lowell said, "One thorn of experience is worth a whole wilderness of warning." A modest increase this year would enable us to at least stabilize our activities at a time when the number and extent of programs we provide barely approach public interest in them. We are serving the public better than we ever have and urge you to provide adequate means to NEH and the State councils to fully meet the goals endorsed in the task force's report and in the President's own fiscal 1983 budget message.

PREPARED STATEMENT

Thank you for the privilege of testifying.

Mr. CUSHING. Thank you. We will include your statement in the record.

[The statement follows:]

STATEMENT OF JACOB E. NYENHUIS, PRESIDENT, NATIONAL FEDERATION OF STATE HUMANITIES COUNCILS

My name is Jacob Nyenhuis I am Dean of Arts and Humanities at Hope College in Holland, Michigan, Chairman of the Michigan Council for the Humanities and President of the National Federation of State Humanities Councils.

The state humanities councils, made up of volunteers from all sectors of American life, play a central role in the efforts of the National Endowment for the Humanities to carry out its mission. First, we seek, through the projects we sponsor and through allied activities, to demonstrate the importance and efficacy of the humanities in the contemporary world. Second, we aid in the dissemination to the public of the great traditions of the humanities, as they have been expressed in literature, history, philosophy and other disciplines. Third, we are a major source of assistance to grassroots efforts to foster local cultural understanding; and last, in all of our efforts we fortify the disciplines of the humanities by providing opportunities for their public use.

It can be said that the state humanities councils help to carry out the public educational programs suggested 150 years ago by the frequently quoted and still unusually perceptive visitor to America, Tocqueville:

> "Everyone /in America/ is on the move, some in quest of power, others of gain. In the midst of this universal tumult, where is one to find the calm for the profound reseaches of the intellect? Not only is meditation difficult for men in democracies, but they naturally attach little importance to it. In democractic centuries when almost everyone is engaged in active life, the darting speed of a quick, superficial mind is at a premium, while slow, deep thought is excessively undervalued."

Projects sponsored by state councils and the NEH have shown that, given the chance, Americans are as naturally thoughtful as they are ambitious and productive.

Like other arts and humanities organizations, the state councils have begun in the past year to plan for a future in which they may have to be somewhat less dependent on Federal funds. A study we have recently completed describes the councils' careful re-examination of priorities and available resources. They are probing deeply into their fundamental assumptions about project design, outreach, and council management. There has been, we are pleased to report to you, no slacking in the commitment of these volunteer organizations to carry out the mandate to them included in the legislation governing the NEH. As one council says , "we must do what we have always done, but do it better, more wisely, more carefully, and, most of all, more fervently." Proud of their achievements of this past decade and confident that interest in public humanities programs is higher than ever, the state councils expect to continue to provide unique opportunities to organizations, institutions, and individuals all over the country to benefit from the humanities. As another council has put it, "our paramount concerns are quality, responsibility, and economy."

These are the same principals which animate the NEH. The Federation supports all the Endowment's programs since each in its own ways makes the humanities stronger and hence more valuable to the public. We were gratified last year when this subcommittee determined that the NEH and the State councils deserved an appropriation higher than that proposed originally by the administration, and we think there are good reasons for you to do so again this year. The President's Task Force on the Arts and Humanities has found the NEH and the state councils to be effective, well managed organizations whose contribution to our national life is beyond dispute. While the Task Force made no recommendation about appropriations, its report certainly implied that any reductions in the Endowment's very modest budget would severely impare its ability to carry out its mission. And even as the Task Force proposed expanded private sector funding for the humanities, it acknowledged the need to keep the NEH appropriation high enough to maintain the delicate balance of public and private sector initiative which has been proven so successful in recent years.

The experience of our members reflects the national trend: each year since 1975 has brought significant increases in private funds for public humanities programs. The main reason, of course, is the quality of projects and their beneficial effects in local communities, but, as a 1980 study we did demonstrated, Federal funding has been a strong inducement to private giving. The state councils are excellent proof of how productive this partnership can be and we urge the subcommittee to recommend an NEH appropriation which will continue to strengthen it.

The health of this nation's educational and cultural institutions is threatened by the unstable economy, and we all agree on the need to be prudent in Federal expenditures as we seek the most equitable and effective system of public support for the humanities. The Congress has repeatedly recognized, however, that the impact of its appropriations in this area is very much larger than the small Federal allocation. The reasons are plain and are demonstrated each day in the efforts of teachers and scholars in the humanities to make learning more accessible, pleasurable, and useful. State councils, which support these efforts, can provide ample and often inspirational evidence for public enthusiasm for them in small towns and cities and among Americans from widely diverse cultural, economic, and political backgrounds. They share a wish to be better informed about the past and hence better equipped to live fully in the present. The state councils have earned your support for a prominent place within the Endowment's general mission.

We suggest that, as the subcommittee considers the fiscal year 1983 appropriation, it remember the very large reduction the Endowment sustained in FY 1982. As James Russell Lowell said, "one thorn of experience is worth a whole wilderness of warning." A modest increase this year would enable us to at least stabilize our activities at a time when the number and extent of programs we provide barely approach public interest in them. We are serving the public better than we every have and urge you to provide adequate means to NEH and the state councils to fulfill the goals endorsed in the Task Forces' report and in the President's own Fiscal Year 1983 budget message.

ADDITIONAL SUBMITTED STATEMENTS

Mr. CUSHING. That concludes this morning's hearing.

For those in the audience or elsewhere who would like to submit written testimony, we will accept such testimony until April 1. It will be made a part of the official record. We do apologize for any inconvenience that our delays this morning may have caused, and thank all of you for your patience and consideration..

[The statements follow:]

STATEMENT OF PETER KIRBY, THE WILDERNESS SOCIETY

Mr. Chairman, my name is Peter C. Kirby, the Coordinator of the Forest Management Program at The Wilderness Society. The Wilderness Society, a nationwide group headquartered in Washington, D.C., is dedicated to principles of sound and balanced multiple-use on the nation's forest and range lands and to protection for the special values of our remaining wildlands. As part of this mission, the Society established last year a Forest Management Program to oversee the program and budgets on our national forests and to assure that various reform measures like the National Forest Management Act are carried out consistent with Congressional intent.

The budget for the US Forest Service is integral to its ability to provide proper management for federal lands and to promote better use of state and private lands. Included in the total FY 1983 request of $2.13 billion are funds for administering the 190 million-acre National Forest System, conducting the Forest Service Research program, and supporting State and Private Forestry efforts. As we will discuss in more detail, however, the Society strongly objects to the inadequate and misproportional funding levels recommended by the Administration for meeting the Forest Service's responsibilities. Also available to answer the Committee's questions is V. Alaric Sample, Jr., the Forester for our Forest Management Program.

In our view, this budget request is almost a mockery of sound and balanced multiple use management. Much as with its requests for EPA and the Department of the Interior, the Administration is seeking to use this budget request to circumvent the mandates of various laws passed by Congress that call for the national forests to serve the public good, not private gain. In brief, the budget proposes dramatic increases for mineral activity and timber cutting, at high output levels that are neither necessary, economically wise nor environmentally sound. Other multiple uses, notably recreation, fish and wildlife and watershed, are relegated to a third-class citizenship. What funding there is for these purposes is largely to support timber and mineral activities; programs to promote and enhance their special values are deeply cut. The Congressionally-endorsed 1980 RPA Program containing the professional land managers' careful integration of balanced multiple use is virtually disregarded as budget requests for some resources are dramatically increased while others are slashed. One of the central flaws in the budget request is the unreasonably high timber cut proposed, which skews many of the other elements. Thus, our testimony will focus on this proposal.

Timber Sale Proposal

This budget proposes an increase in timber cutting to 12.3 billion board feet from the 11 billion board feet appropriated for FY 1982. This will cost about $665 million and will require the construction of about 18,500 miles of roads. About one billion board feet will be scheduled in the roadless areas designated as nonwilderness in RARE II. The 12.3 level is above the "high-bound" goal of 12.1 for FY 1983 in the RPA Program.

1. The timber sale request is unnecessarily high.

Due to high interest rates and the related low housing starts there is little current compelling need for the proposed sale level. To the contrary, purchasers are not even cutting the timber that is already sold and under contract. The present near-record backlog has reached 32.6 billion board feet, about a three-year supply. This total has been climbing steadily in recent years, at about a half-billion board feet a year. In 1976, in contrast, the backlog was only 26.9 bbf.

Indeed, according to the Forest Service, the current backlog should continue to grow in the year ahead before leveling off, particularly due to the two-year extensions granted last October on the terms of existing timber sale contracts. In short, this budget request flies in the face of the current reality that there is a shortage in timber demand not timber supply. The sales level should actually be adjusted down to reflect realistic market conditions.

The Administration argues that this 12.3 level is needed to meet sharp increases in future demand as housing starts pick up. First of all, such developments are highly speculative; interest rates may well stay high for the foreseeable future. Further, once there is clear evidence that interest rates are coming down, timber sales at that time can be funded at increased levels. The large backlog can meet supply needs until those increased sales come on line. In short, this increase to 12.3 bbf is premature.

Further, it appears from the RPA studies that even if the Administration's optimistic assumptions about housing starts are true, the 12.3 level is still in excess of needed supplies. Upon telephone request, the Forest Service told us that the following projections in housing starts were used as assumptions in arriving at the 12.3 bbf sale level: 1982 - 1.3 million; 1983 - 1.6 million; 1984 - 1.89 million; and 1986 - 2.2 million. (These projections came from the National Association of Home Builders. The Forest Service could not tell us the assumed interest rates behind the projections. Housing starts in 1981 totaled 1.1 million.) These projections were used to justify a cut level higher than that in the RPA Program. What were the projections upon which the 12.1 RPA goal was based? According to the 1980 RPA Assessment, the medium projection for the period 1980-1989 was about 2.6 million housing starts annually (See attachment 1). As noted, the "high bound" goal for 1983 was 12.1 in the RPA Program. The logical question arises: how can the Admnistration be asking for higher timber harvest levels than are in the RPA Program while at the same time assuming far lower housing start projections than were used in the RPA? Nowhere in the Explanatory Notes, for example, can be found any of the specific demand assumptions used to justify the higher timber levels. All that appears is a reference to the RPA conclusion that demand will double by the year 2030. However, if RPA is to be used as a baseline, a much lower timber cut should be requested because even the optimistic demand projections of the Administration do not justify the 12.3 bbf request. We urge the Committee to explore thoroughly the economic assumptions behind the 12.3 bbf request.

2. The timber sale request is economically unwise.

One of the cardinal rules of the Reagan budget is that hidden subsidies should be identified and, where they interfere with the free market, eliminated. The request for 12.3 bbf blatantly violates this rule. The Forest Service acknowledges that 22% of the national forest timber sold fails to recover costs. (See attachment 2 for citation and documentation.) If these "sales-below-costs" were eliminated, the savings in sales administration, road construction and other management costs would total $150 million. Without these hidden subsidies, the timber sale level would be about 9..6 billion board feet.

These subsidies are not justified by special policy considerations such as savings to the consumer. Additional federal timber sales do not automatically add up to much cheaper timber for the consumer. In fact, according to the Congressional Budget Office, less than 20% of additional federal timber sold actually increases domestic timber supplies. For each additional billion board feet of federal timber made available, the industry cuts 528 million board feet less from its own lands and 280 million board feet less is imported, thus amounting to under 200 million board feet increase in supplies. Forest Service Timber Sales: Their Effect on Wood Prices (CBO, May 1980). Consumers are also taxpayers. Under this budget proposal, they would be subsidizing the last 3 billion board feet of timber sold at a cost of $150 million, be getting only a fraction of that 3 bbf in new supplies, and, as consumers, be paying for that timber a second time.

Moreover, while sales-below-costs advantage purchasers of federal timber, they comparatively disadvantage owners who must pay the full costs of timber management in order to produce for profit on private lands and who are undercut in the marketplace by subsidized federal timber. In particular public policy should encourage supplies from the private, non-industrial timber lands, which comprise 58 percent of the nation's commercial timber lands, rather than discouraging it by causing unfair competition through direct interference in a free-market economy.

3. The timber sale request is environmentally unsound.

The 1980 RPA Program represents the best effort of professional land managers to draw up a long-range plan, with budget levels, for the integrated and balanced multiple-use of our national forests. Congress basically endorsed the 1980 Program across the board; increases in outputs for one resource, it emphasized, were not to come at the great expense of another. This budget request, however, ignores the spirit and purpose of RPA and disregards the 1981 Congressionally-revised Statement of Policy. Minerals, timber and livestock grazing are out at the front of the line; those RPA goals are met or exceeded. Recreation, fish and wildlife, and watershed, as noted at the outset, are treated as third-class citizens. They achieve much reduced proportions of their RPA goals (see detailed chart on attachment 3). They are funded largely to function as support for mineral and timber activities. Funds to enhance their special values are nearly eliminated. One introductory example is illustrative. While timber sales are to be funded at over 100% of the "high-bound" goal, trail construction and reconstruction will achieve only about 10% of the RPA goal (241 miles out of the 2282 mile target). Other examples to be discussed below further display this imbalanced pattern.

The main culprit in this "dominant use" budget is new road construction. This budget proposes that $585,309,000 (including off-budget timber purchaser road construction) be spent on roads alone. This is an increase of about $200 million from the 1982 budget! As the Explanatory Notes indicate, these dramatically increased costs will be needed to road "difficult terrain" with "access problems." (p.212) Road construction has been shown by Forest Service researchers to be the single largest contributor to soil erosion, stream sedimentation, and damage to trout fisheries. Roads into remote, rugged areas not only are environmentally destructive but are very costly to build, running up to $300,000 per mile. It is often these types of roads that drive sales into deficit. In short, it is the road construction needed to reach the additional timber in currently unroaded areas that largely accounts for the objectionable environmental and economic impacts of this budget. The only remedy is for Congress to step in and reduce the cut from the proposed 12.3 bbf level to a more economically and environmentally optimal 9.6 bbf level.

Because of excessive funding for roads and timber sales, the Forest Service will fail to meet its basic multiple-use responsibilities. Here are a few pertinent examples:

- the budget proposes a 30% cut in trail maintenance from the 1982 budget, from $10.7 million to $7.9 million. This means that almost half of the 100,000 mile trail system will lapse into "custodial" status, not to be protected and maintained but allowed to deteriorate. The 1982 budget provides for over 80,000 miles to be protected. Thus, if the Reagan budget is adopted, almost a third - 30,000 miles - of the National Forest trail mileage would begin to be obliterated. These cuts are proposed in the face of continued and steady growth in demand for dispersed trail-related recreation, the type of recreation for which our large national forests are particularly well-suited.

- WIldlife habitat improvement would be reduced under this budget by about a half-million dollars from a program of about $7 million in size. According to the Explanatory Notes, this funding will now go almost entirely to support timber sales. Species located in areas other than forestland being harvested, such as bighorn sheep at high elevations or waterfowl in wetlands, will essentially receive *no* wildlife habitat improvement. This runs counter to the direction in law that habitat for valued species be maintained and improved. Similarly, funding for endangered and threatened species has been so reduced that habitat improvement for species with "stabilized" populations will not be carried out. Again, this is despite the mandate in the Endangered Species Act that habitat be protected and enhanced so that endangered and threatened species can be taken off the list.

- The budget request virtually abolishes the funding for soil and water improvement. A $1.8 million program would be cut to $305,000, with only one-fourteenth of the 1982 work able to be done in 1983. The Explanatory Notes disclose that: "Reducing the 1983 Program to 400 acres postpones the time when the deterioration of these lands [the thousands of acres *not* treated] will be stopped and their productivity restored." (p.174) Although this soil and water resource improvement program is small to begin with, its virtual abandonment by the Reagan Administration symbolizes, we submit, their rush to squeeze immediate revenue gains from the national forests at the expense of balanced multiple-use management and in violation of wise stewardship.

Conclusion

We urge the Committee to eliminate "sales below cost," which now constitute about 25% of the timber volume sold on the national forests. This would reduce the sales level to 9.6 billion board feet and save an estimated $150 million. We further urge the Committee to distribute $50 million of this savings for other multiple use activities that have received inequitably low funding. Programs that need additional funds to respond to growing public needs include trail maintenance and construction, fish and wildlife habitat improvement and soil and water resource protection.

ATTACHMENT 1

Source: An Assessment of the Forest and Range Land Situation in the United States (RPA Assessment), USDA, 1980

Table 6.1--Average annual production of new housing units in the United States by type of unit, 1920-1977, with projections to 2030

(Thousand units)

Period	Total demand	Conventional units			Mobiles		
		Total	One-family	Multifamily	Total	Used as primary residences	Not used as primary residences
1920-29	803	803	527	276	---	---	---
1930-39	365	365	304	61	---	---	---
1940-49	809	780	657	123	29	---	---
1950-59	1,572	1,509	1,276	233	63	41	22
1960-69	1,648	1,443	929	514	205	164	41
1970-77	2,145	1,757	1,102	655	388	310	78
			Low projections				
1980-89	2,490	2,160	1,620	540	330	260	70
1990-99	2,080	1,800	1,460	340	280	220	60
2000-09	1,970	1,680	1,260	420	290	230	60
2010-19	2,060	1,770	1,300	470	290	230	60
2020-29	1,720	1,470	1,070	400	250	200	50
			Medium projections				
1980-89	2,590	2,250	1,680	570	340	270	70
1990-99	2,240	1,930	1,540	390	310	250	60
2000-09	2,300	1,960	1,410	550	340	270	70
2010-19	2,270	1,930	1,390	540	340	270	70
2020-29	1,980	1,680	1,180	500	300	240	60
			High projections				
1980-89	2,700	2,340	1,740	600	360	290	70
1990-99	2,410	2,070	1,610	460	340	270	70
2000-09	2,760	2,350	1,610	740	410	330	80
2010-19	2,550	2,160	1,510	650	390	310	80
2020-29	2,450	2,070	1,370	700	380	300	80

Sources: Housing starts 1920-49 and 1960-62--Forest Service estimates derived from data in the following sources: U.S. Department of Commerce, Bureau of the Census. Housing construction statistics, 1889 to 1964. 1966, 1950 census of housing. Vol. I, Pts 2. 1953, U.S. Department of Labor, Bureau of Labor Statistics. Nonfarm housing starts, 1889-1958. Bull. 1260, 1959; 1950-59--U.S. Department of Commerce, Bureau of the Census. United States census of housing, 1960. Vol. IV, Pt. 1-A, 1962; 1963-77--U.S. Department of Commerce, Bureau of the Census. Housing starts. Cons. Rep. Ser. C20-78-8. 1978.

Total mobile homes, 1940-49--Forest Service estimates derived from data in the following sources: U.S. Department of Commerce, Bureau of the Census. 1950 census of housing. Vol. I, Pt. 1, 1953; 1950-59--U.S. Department of Commerce, Business and Defense Services Administration. Construction review. 7(3). 1961, and Mobile Home/Recreational Dealer Magazine. Market study, 1967-1968. 1969; 1960-63--U.S. Department of Commerce, Business and Defense Services Administration. Construction review. 12(8). 1966; 1964-77--U.S. Department of Commerce, Bureau of the Census, Housing starts. Cons. Rep. Ser. C20-78-8. 1978.

Mobiles used as primary residences, Forest Service estimates derived from data in the following source: U.S. Department of Commerce, Bureau of the Census. United States census of housing, 1960. Vol. IV, Pt. 1-A. 1962.

Projections: U.S. Department of Agriculture, Forest Service.

Attachment 2

"SALES BELOW COST"

A "sale below cost" is a timber sale in which the receipts to the Federal government from the sale of the timber do not exceed or even equal the direct costs to the government for sale preparation, administration, road access and reforestation. In other words, it actually costs taxpayers to have this public timber cut and, when the finished product reaches the market, they pay for the same timber once again. It is a clear and simple subsidy for the wood-processing industries.

In a letter to the editor of The Living Wilderness (Vol.44, No.149, June 1980), Dr. Rupert Cutler, then Assistant Secretary of Agriculture in charge of the Forest Service, stated that approximately 78% of the volume of the national forest timber sold in 1978 recovered all costs. This means that about 22% or 2.3 billion board feet did not recover costs and actually constituted a drain on the US Treasury.

The 1980 RPA Program examined a range of alternative programs for timber management on the national forests and found that, in four of the nine Forest Service regions (2, 4, 9 and 10), there was no level of timber management at which, on the average, timber receipts would exceed the associated costs (see Table 5.1, from 1980 RPA Program Update, p.498). In two additional regions (1 and 3), only alternative 2, requiring minimal "custodial" timber management, would provide discounted benefits greater than discounted costs. While timber cutting should not be entirely halted in these regions, timber sale levels should clearly be scrutinized and reduced to limit direct losses to the Treasury. If the chart below is used in adding up the above-cost sales in each Region, the total comes to 9.6 billion board feet. This means that about 22% of a sale volume of 12.3 bbf are below cost, verifying Dr. Cutler's figure.

Table 5.1.--Alternative program directions which showed the highest positive present net worth*

Resource element	National Forest System Regions 1	2	3	4	5	6	8	9	10
Recreation	3	4	4	4	4	4	4	4	1
Wilderness	4	4	3	4	4	4	2	1	2
Wildlife and fish	3	1	2	4	1	3	3	3	1
Range	4	2	2	4	2	2	0**	0**	N/A
Timber	2	0**	2	0**	3	5	1	0**	0**
Water	2	2	2	2	2	2	2	2	2
Minerals	1	1	1	1	0**	0**	1	1	0**

June 1979

* Costs and benefits were discounted using a 4 percent rate--also support costs are prorated among resource elements.

** Where zero appears, none of the alternatives provided discounted benefits greater than discounted costs.

Attachment 3

RPA/BUDGET COMPARISONS

The Congressionally-endorsed 1980 RPA Program represented an integrated resource management program that would give adequate consideration to all the multiple-use resources of the national froests. A primary objective of such an integrate approach was thatone resource use would not be emphasized at the expense of other esources.

The Administration-proposed 1983 budget entirely subverts that attempt. When compared with the 1980 RPA Program it shows major increases for some resources and major slashes in others. CONgress' integrated resource plan is made a shambles.

The total 1983 budget for the National Forest System was reduced from 1983 RPA Program levels by 36.7%. An integrated budget would apply this reduction more or less equally among the multiple-uses. The following table, however, illustrates the skewed approach taken by the Administration.

BUDGET

Resource Use	1983 RPA	1983 RPA w/ 36.7% red.	1983 Budget	% change
Minerals	38,681	24,485	25,000	+2.1
Forest Road Maintenance	119,715	75,780	61,600	-18.7
Forest Trail Maintenance	21,672	13,718	7,900	-42.4
Timber Sales	241,856	153.095	188,300	+23.0
Reforestation & TSI	141,824	89,755	100,100	+11.5
Recreation	194,648	123,212	97,900	-20.5
Fish & Wildlife Habitat	83,430	52,811	32,500	-38.4
Range	56,926	36,034	24,600	-31.7
Soil & Water Management	76,817	48,625	23,900	-50.8

RPA OUTPUT COMPARISONS

	1983 RPA	1983 Budget	Percent
MINERALS - leases & permits	21,000 plans	27,300	130
TIMBER - sales offered	12.1 bbf	12.3	101.6
RANGE - livestock use	9.8 MM aum's	9.8	100
RECREATION - trail construction/reconstruction	2282 miles	241	10.6
WILDLIFE & FISH - wildlife habitat mngmt	3016 M acre equiv.	1100	36.5
SOILS - soil and water	30,000 acres	400	1.3

STATEMENT OF REBECCA R. WODDER, THE WILDERNESS SOCIETY

The Wilderness Society is grateful for an opportunity to submit testimony to this subcommittee on the proposed federal budget for the Department of the Interior. I am Rebecca Wodder, Alaska specialist for The Society. Today, my testimony addresses the budgetary needs for implementation of the Alaska National Interest Lands Conservation Act (P.L. 96-487).

Last year Secretary of the Interior James Watt became a "good neighbor" to the State of Alaska. "[Putting] all differences aside," the Department of Interior released to the press on March 12, 1981 an announcement of Secretary Watt's new policy for land management in the 49th state. Contained in the two-page document were eight specific directives aimed at "diffusing the sagebrush rebellion in Alaska" and helping the Federal Government and Alaska "move forward as good neighbors who work together for the benefit of all concerned." (emphasis added)

We in the conservation community certainly are all concerned by these actions. Secretary Watt's statements make it clear he intends to emphasize resource development in Alaska without balanced concern for resource protection.

Specifically, in Alaska Secretary Watt has:

- administratively opened "all possible BLM lands" to mining and mineral development under antiquated public land laws.
- forbid BLM to undertake any further inventory, review, study, or consideration of wilderness in Alaska.
- initiated on National Wildlife Refuge lands, National Forest and BLM lands, a stepped up oil and gas leasing program to identify "at the earliest possible date lands to be leased for the exploration and development of oil and gas."
- abandoned treaty negotiations with Canada to protect the barren-ground caribou which migrate between the US and Canada.
- taken away responsibility for managing the private oil and gas exploration on the Arctic National Wildlife Refuge from the Fish and Wildlife Service, the land management agency with responsibility for insuring balanced resource use, and given it to the U.S. Geological Survey (USGS), a data collection agency.

At the same time that the Secretary was announcing his "good neighbor" policies, he was also telling us (in a speech to the Conference of National Park Concessioners, March 9, 1981) that "We will use the budget system to be the excuse to make major policy decisions." The Department's FY 83 budget proposals for Alaska indicate Secretary Watt fully intends to follow up his stated policy imbalances with corresponding fiscal imbalances.

Bureau of Land Management

Even after the passage of ANILCA and the completion of state and native conveyances, the BLM will manage more land in Alaska than any other federal agency, 76.2 million acres. The Wilderness Society's interest in the BLM-Alaska budget is focused on funding for managing and planning activities on conservation system units directly under BLM's control, and on funding for programs which affect conservation system units outside of BLM's control.

As land manager for the Steese Conservation Area and the White Mountains National Recreation Area, BLM must prepare comprehensive management plans by December 1985. One of the key considerations will be whether the areas should be opened to new mining activities. Secretary of the Interior Watt is on record as having promised to move as quickly as possible within the law to approve tungsten mining in the Steese NCA. The budget figures on Alaska Lands Act implementation contained in The Interior FY 1983 Budget Highlights (which are the only figures available from BLM) include $1,022,000 for "other planning." We would hope that management plans for the Steese NCA and White Mountains NRA are included in this amount, and ask that the committee satisfy itself as to the adequacy of the amount, if any, going to prepare these plans. (Note: A BLM FY 82 budget document showed that no funding would be requested for this purpose in FY 82 or FY 83, explaining that "work on developing a land use plan will be deferred until funding is available.")

Similarly, there is no line item for the preparation of management plans for the seven wild and scenic rivers under BLM's administration. These plans are due in December, 1983. We hope that the committee will ensure adequate funding is being provided to meet this mandate.

BLM is the lead agency for implementation of several sections of Title X of ANILCA. The 4.5 million acre Central Arctic Study, mandated by Sections 1001, 1004, 1005 and 1006 of the Act, is the only BLM area which will be studied for its wilderness values. (Note: In March 1981, Secretary Watt directed that BLM cease work on any Alaskan wilderness surveys other than those mandated by Section 1004.)

Again, there is no line item for carrying out the terms of any of these sections. We presume that at least part of the $2,236,000 provided for under "other studies" will be made available to conduct the required wilderness, wildlife and transportation studies, and that the committee will ascertain the adequacy of the amount provided.

Finally, BLM is the lead agency for implementing Section 1008, the Non-North Slope Oil and Gas Leasing Program. This program affects over 120 million acres - all non-north slope BLM lands, all non-wilderness refuge lands, and all non-wilderness national forest lands. The Administration is requesting $2,305,000 to carry out activities in FY 83. Our primary concern is the program's effect on 57 million acres of national wildlife refuge lands. The Fish and Wildlife Service has a FY 83 budget request of $200,000 and one staff person for participation in this program. We question whether the interests of the public for protecting national wildlife refuge resources and values can be adequately represented in the face of a ten-fold difference between the FWS budget and the BLM budget for this program.

Specifically, Section 1008 of the Act requires the identification of refuge lands where production of oil and gas would be incompatible with the purposes for which the refuge was established. Section 1008(b)(1)(A) directs the Secretary to conduct studies of the environmental characteristics and wildlife resources which would be affected by the exploration for and development of oil and gas. We urge the committee to direct that the BLM budget provide for a transfer of funds to FWS to carry out these studies or that the implementation of the 1008 program be delayed on refuge lands until such time as the necessary studies have been completed under the limited funds directly available to FWS.

Geological Survey

Surprisingly, the agency with the largest budget in FY 1983 for implementing the Alaska Lands Act is the agency with the least responsibility: USGS. The Geological Survey has no land to manage, no comprehensive plans to prepare, no leasing program to implement. Its two largest responsibilities are implementing the Alaska Mineral Resource Assessment Program (Sect. 1010) and assisting the Fish and Wildlife Service in the Arctic National Wildlife Refuge Coastal Plain Resource Assessment (Sect. 1002).

Sect. 1010. USGS has requested $9,411,000 in 1983 for oil and gas and other mineral assessment on public lands in Alaska. This is $1 million more than the total planning budget for all agencies combined in Alaska; $400,000 more than for park operations on 51 million acres of NPS land; and $5.5 million more than for refuge operations on the 76 million acres of National Wildlife Refuges in Alaska. Yet, there are no deadlines to be met. All that is required is that an annual report be submitted to Congress beginning in October 1982.

We submit that $9.5 million for implementation of the Alaska Mineral Resource Assessment is excessive and that the bulk of this money should go to increasing the critically inadequate budgets of the National Park Service and the Fish and Wildlife Service.

Sect. 1002. It has been extremely difficult to determine the destination of monies appropriated for implementing Sect. 1002. Originally, the Fish and Wildlife Service was designated as lead agency in accordance with Congressional directives. However, in March 1981 Secretary Watt transferred lead responsibility to the Geological Survey. On November 2, 1981 a US District Court Judge found that the Secretary had violated both the Alaska Lands Act and the Refuge Administration Act by this transfer and ordered him to restore the responsibility to FWS. Two days later, the conference committee on Interior Appropriations approved a report ordering that $300,000 be transferred from FWS to GS to "permit the Survey to discharge its duties as the lead agency in assessment of oil and gas exploration, development and production on the Arctic Wildlife Refuge pursuant to Section 1002 of Public Law 96-487" (emphasis added). One additional note of confusion was added early this year when the Conservation Division of GS, which is charged with assisting FWS in carrying out the provisions of Section 1002, was moved from GS to the newly established Mineral Management Service.

Budget documents obtained from FWS show that $946,000 was provided in FY 1982 to carry out FWS responsibilities under Section 1002. Other sources indicate, however, that the figure for FY 82 was $700,000 and that the $300,000 transfer to the Geological Survey came out of this amount. Total funding for implementing Section 1002 (as shown in the FY 1983 Budget Highlights) was $1.237 million in FY 82. The FY 83 request for FWS is $880,000. The total request is $1.080 million. Presumably, GS is receiving $200,000.

We urge that the committee ascertain the monies ultimately available to both FWS and GS. If FWS is not receiving sufficient monies to perform its duties as lead agency and in the resource assessments of wildlife and wilderness values, then additional monies should be appropriated. Certainly, the resource assessment responsibilities of FWS should not suffer disproportionately to those of GS. In fact, given the clear mandate of Congress to fully assess the potential environmental impacts of oil and gas exploration and development on the Arctic NWR, we submit that the FWS budget for implementing Section 1002 should be of paramount importance.

National Park Service

The Alaska Lands Act added 43.5 million acres to the National Park System in 1980 - an instantaneous seven-fold increase for Alaska's National parklands which date from the early 1900s. Managing these new lands, which include the nation's largest national park (Wrangell-St. Elias) and the nation's greatest wilderness national park (Gates of the

Arctic) is a monumental task, and one that, because of Alaska's fragile ecosystems, must be done right the first time.

In order to manage 43.5 million acres of land, the NPS budget was increased in FY 82 by $4.7 million over its pre-ANILCA level - a 50 percent increase in funding to cover a seven-fold increase in land. The same inadequate amount is requested in FY 83. The $4.7 million budget provided for approximately 17 permanent professional level employees assigned to the new units and two assigned to additions to the three old parks. On the average, then, each new professional is to try to "manage" 2.25 million acres - or an area equal in size to Yellowstone National Park. In the face of increasing visitation and Alaska's aggressive multi-million dollar advertising campaign, including a commercial during this year's Superbowl game, this level of funding is dangerously inadequate. Pressure is increasing on Alaska's National Parks, America's crown jewels, and the Parks Service is not equipped to protect park resources. (Between 1973 and 1980 use of Denali National Park grew by 143 percent and Glacier Bay National Park by 373 percent.)

Similarly, money for park planning and for mandated studies is so low as to be a mockery of the original mandates. System-wide, the NPS planning budget is being cut by 63 percent to $838,000. This cut will hit new parks hardest, especially in Alaska. The Alaska Lands Act requires NPS to complete management plans for 13 parks and for 13 Wild and Scenic Rivers by December, 1985. In addition, 19 million acres are to be reviewed for inclusion in the National Wilderness Preservation System by that date. Funding for studies rquired by the Act is virtually nonexistent. Instead, money is being taken out of general operation monies, which means that basic park operations are suffering for it. As a result, for example, it is highly unlikely that all of the 12 Wild and Scenic River studies due by December 1983 will be on time.

Fish and Wildlife Service

The Administration's FY 1983 budget proposes an approximate $2.0 million increase for the Fish and Wildlife Service to carry out its enormous responsibilities for protection and management of national wildlife refuge land and resources in Alaska. This increase just about keeps the Service's program for implementation of the Alaska Lands Act current with inflation. Furthermore, the 1983 budget justifications indicate that major reprogramming is anticipated, such that an approximate 60 percent of operational funding and staff years will be moved to refuge planning activities. While timely preparation of comprehensive conservation plans for each of the 16 Alaska refuges (pursuant to Section 304 of ANILCA) is critical to good management of refuge resources - and thus deserving of additional appropriations in 1983 - more funding is needed if an adequate field staff is to provide basic resource information and perform necessary refuge management activities.

During the Alaska Lands debate Congress understood that a high standard of protective management of Alaska's refuges is essential if their unique and extremely fragile ecosystems are to survive for the long term. In order for the Service to perform its management tasks in Alaska, new technologies and related biological information must be developed. For this reason, the Alaska Lands Act directs the Fish and Wildlife Service to produce new natural and social science information which will facilitate sound management decisions for Alaskan refuges. Section 304(g)(2)of ANILCA states that before developing a comprehensive management plan for each refuge, the Secretary shall identify:

(1) the populations and habitats of the fish and wildlife resources;

(2) the special archaeological, cultural, ecological, geological, historical, paleontological, scenic and wilderness values;
(3) areas suitable for use as administration or visitor facilities;
(4) present or potential requirements for public access;
(5) significant problems which may adversely affect populations and habitats of fish and wildlife.

The Fish and Wildlife Service at present does not even have a list of related studies which are to be conducted at the refuge level, much less the money and personnel to carry out such studies. Without the information developed from such studies, the comprehensive management plans now being prepared will be seriously deficient and not a sound basis for decision-making about such things as the compatibility of oil and gas activities.

Good management of surface refuge resources also depends upon other technical services provided at the field level, including fire control, trespass control, law enforcement, permit processing and issuance, habitat preservation and interim management of State- and Native-selected lands inside refuges. Continuing funding and manpower shortages will further reduce the ability of the Service to proceed with the job that Congress intended it to perform in Alaska.

The Wilderness Society believes that there must be an adequate federal presence on the newly-created refuges to begin the necessary inventories and to protect their resources from damage that may result from increasing energy development and public use. It is our understanding that at present there are only one or two federal employees on each of 9 out of 16 refuges. Nevertheless, the 1983 budget actually recommends a decrease from the 1982 level in full-time equivalents (FTE's) for field operations. With a proposed total staffing of 52 in the field in 1983, there will be only one Service professional for every 1.5 million acres of refuge land in Alaska. By contrast, on the large western refuges in the lower 48, where similar types of broad ecosystem management are required, there will be approximately one federal employee assigned to field operations for every 8,500 acres.

While management and public use are and should be less intensive in Alaska than for refuges located elsewhere, ANILCA nonetheless substantially increased the Service's responsibilities, by adding 54 million acres to the NWR system. The wildlife refuges in Alaska are subject to many special problems and opportunities not found on other units of the refuge system. The 19-million acre Yukon Delta NWR is a case in point. Here, refuge personnel must contend with 42 native villages and 12,000 residents, 5-7 million acres of inholdings under interim management, substantial salmon fisheries and a vast habitat-wildlife complex imminently threatened by onshore and offshore energy development.

The Wilderness Society strongly recommends that an additional $1.2 million be added to the Fish and Wildlife Service budget toward establishing an adequate field force on the new and expanded refuges in Alaska. Such funding increase will provide for approximately 30 new field positions.

In addition, The Wilderness Society would like to express concern regarding expenditures of staff time on land exchanges under Section 1302. Currently, the Fish and Wildlife Service has directed members of its permanent Alaskan staff, including field personnel, to allocate a significant number of work days to processing one such land exchange. The exchange in question, proposed by an oil company and allied Native interests, will remove designated wilderness from the refuge system.

Not only does such action violate the law, it also diverts limited Service resources away from priority activities and concerns. Planning on all refuges should be completed before there is any consideration of land exchanges.

STATEMENT OF SAM HUGH PARK, PUBLIC ATTORNEY, VAN BUREN, ARK.

I appreciate the opportunity to present my brief observations to this committee. For some eight years, I was an Assistant U. S. Attorney for the Western District of Arkansas, and represented the National Park Service in lawsuits creating the Buffalo National River. Later, in private practice, I was retained by individual landowners within the Park to defend in land condemnation suits. If I have any qualifications to speak to today's subject, they are:

(1) a genuine admiration for the beautiful valley of the Buffalo River, unquestionably a national asset for its tranquil and inspiring landscape;

(2) experience as an advocate on both sides of litigation involving this National River, from the earliest fights over the Environmental Impact Statement to the present contests before a Land Commission over just compensation.

As you well know, the Buffalo National River was established in 1972, and the Park Service was authorized to acquire the necessary land interests in some 95,730 acres in the Buffalo River watershed.

The Park Service has almost exclusively utilized fee title acquisition in acquiring the Buffalo National River. Easements have been purchased on approximately 2% of the land. In those tracts of land which required condemnation lawsuits, only the fee title has been sought by the Park Service. Landowners desiring to sell easements (or to convey other use restrictions) have not been encouraged by the land acquisition officers.

I am here above all to thank the Congress for preserving this national treasure, and we commend our good Senators and Representative John Paul Hammerschmidt for their diligent and persistent work on this project. However, we might use this experience to learn three valuable lessons:

First, we need to consider landowners -- inholders, if you will -- in the earliest stages of planning a National Park. More than one resident of north Arkansas has observed that people are as important as ferns and smallmouth bass. The light agricultural activity that existed within this park boundary was entirely compatable with the concept of a national river, and the residents of the valley gave it much of its pastoral charm. We may have destroyed a unique and beautiful part of the Ozark culture in order to create thickets of blackerry and persimmon. I strongly believe that the land acquisition policies on the Buffalo River have displaced one of the great assets of the valley -- the people who lived along the Buffalo and preserved this land and river so very well. They saved the Buffalo Valley for future generations, and now must give up their land because they were such good stewards of a scenic stream.

Second, we estimate that nearly 30,000 acres of pasture and cropland have been taken out of meaningful production by creation of this Park, and that most of this taking has not benefitted the Park setting in any meaningful way. Much of the farmland acquired in fee title has been offered back for lease, but often at prices that discourage bidders. Farmers who maintained their land in good order before this project are hard put to understand why the government needed to buy their land only to offer to rent it back to them. As a further dilemma, if a landowner negotiates a higher purchase price with the Park Service, he may face a higher rent to use it. These strongly independent families who value land ownership are hesitant to be a tenant to any person, and particularly a government agency. Let me just emphasize that we are not speaking of intensive or polluting agricultural use of land. This valley contained clean and picturesque family farms, a pleasure for visitors to view from the river. It seems unfortunate that this good land in the Buffalo River valley should be lost to cultivation.

Third, there is the simple concern of spending too much money. I would estimate that the use of scenic easements and other land use restrictions could have saved over 50% of the land acquisition cost in this park without significant effect on the end result. We would have been glad to have this money for needed park improvements such as hiking trails and visitor centers. Perhaps it is enough to say that the needs of our National Park Service are great enough that we should not spend money unless a real need is presented.

Let me be candid with this Committee; of course, the NPS has purchased thousands of acres in the Buffalo River valley from willing sellers at fair prices. Some forty landholdings remain, all in the process of condemnation, and experience indicates that the awards will be reasonable, although certain cases present troubling problems. The lesson to be learned from the Buffalo National River is that cultural heritage should not be sacrificed to a "wilderness" plan without careful consideration; the rural American, in the end, may be the most endangered species of all. Family farms should not be acquired in fee title unless a real need exists. Finally, substantial amounts of Park Service money can be saved by acquiring less than fee title and making the "inholders" of the future co-trustees of these beautiful lands.

Almost as a footnote, let me add that our experience with the Uniform Land Acquisition and Relocation Act (P.L. 91-646) on the Buffalo River has been poor. The Acquisition policies in the act cannot be enforced in court, by the Act's own provision. My experience has been that when a land tract goes into condemnation, the Acquisition Act is quickly given a back seat to the combat of litigation.

Relocation assistance on the Buffalo has likewise played a sad second fiddle to acquisition of land, and has been used as a negotiating lever on more than one occasion. I would suggest that future projects give their land acquisition officer and their relocation assistance officer equal rank and separate staff, with independent and full access to the park superintendant.

These problems have been addressed in GAO reports, and will be explored in other hearings. But again, they are lessons we learned in creation of the Buffalo National River. For us they are (pun intended) water under the bridge.

STATEMENT OF J. WALTER MYERS, JR., EXECUTIVE VICE PRESIDENT, FOREST FARMERS ASSOCIATION

Mr. Chairman and members of the committee, my name is J. Walter Myers, Jr. I am Executive Vice President of Forest Farmers Association, which is headquartered in Atlanta, Georgia. Forest Farmers Association is an organization of private timberland owners, and primarily small, individual owners, in 15 southern states. Our members own over 40 million acres of commercial forest land.

My testimony, today, is in support of U.S. Forest Service appropriations for f.y. 1983. Our group urges this committee's consideration to recommending funds for this agency at levels proposed in the President's budget for f.y. 1983. We strongly support the President's efforts to balance the Federal budget, and recognize that funding for all activities and programs must be carefully scrutinized and evaluated. We do urge, however, that where reductions are made that they be made on a priority basis, with the essential and most highly-cost effective forestry programs being maintained, at least, at basic minimum levels. Our Nation's forest development is vital to its long-range economic health, and forestry programs involving such items as fire and insect and disease protection, and research should be administered on a continuing basis. They do not lend themselves to on-again, off-again funding.

Specifically, our Association urges this committee's consideration to providing funds in f.y. 1983 as follows:

State and Private Forestry -

Forest Insect and Disease Management	$16,700,000
Rural Fire Prevention and Control	$14,380,000
Rural Forestry Assistance	$12,375,000
Assistance in Management, Planning & Technology Implementation	$ 975,000

Research -

Maintain the level listed in the President's f.y. 1983 budget, with reductions allocated on a priority basis, rather than across the board	$97,990,000

In supporting these items at the levels indicated, our Association feels the President has given consideration, both to reducing the National budget and phasing in a gradual turnover of certain responsibilities to the various states. Forest Farmers Association, however, does feel the preceding levels are the minimum ones at which these programs should be funded in f.y. 1983. To turn responsibility over to the states more abruptly could be disastrous. Many states will need time to carefully evaluate their situation and explore new tax sources. Furthermore, many state legislatures meet only every two years.

Forest Farmers Association feels it is highly desirable to maintain, on a continuing basis, a unified state and private forestry program, nationwide, with federal participation to provide important coordination among the various state forestry agencies. Basic coordination of state programs - such as fire and insect and disease protection, and information compilation for regional and national evaluation - is essential. While state forestry agencies are the backbone of the Nation's forestry program, especially in the South and East, a degree of federal participation and linkage is vitally important. Of the current State and Private Forestry programs we feel the following are of top priority: Forest Insect and Disease Management, Rural Fire Protection and Control, Rural Forestry Assistance and Assistance in Management Planning and Technology Implementation, with funding for f.y. 1983 as noted previously.

Forest Farmers Association, also, feels it is highly important that an effective forest research program be maintained by the Federal government. Research is one activity in which the Federal government is best equipped to exert a leadership role.

Our Association recommends that if forest research appropriations are reduced from $110.392 million in f.y. 1982 to $97.990 million in f.y. 1983 that reductions be on a priority basis, rather than across the board. Forest Farmers Association urges that such key programs and activities as the Forest Survey, fire and insect and disease protection and control research, research on pine and hardwood regeneration, and forest utilization research - including the work at the outstanding Forest Products Laboratory at Madison, Wisconsin -

not be reduced below f.y. 1982 levels. These research programs and activities are of vital importance to private, nonindustrial owners, as well as all private forest interests, in the South and over the Nation. The U.S. Forest Service research program is very well conceived and administered, and we feel deserves this committee's fullest support.

In conclusion, while the state and private forestry and research programs, together, total less than 10 percent of the total Forest Service budget, our Association feels it is extremely important that they be maintained at satisfactory levels on a priority basis. With these observations, Forest Farmers Association strongly supports the President's budget for forestry items in f.y. 1983.

This committee over the years has demonstrated a deep understanding and support for adequate federal forestry programs. This support has been most gratifying and I thank you on behalf of forest land owners and private forest interests in the South for the fine programs your insight has made possible. Thank you for permitting me to present these views.

STATEMENT OF WOODY GRANTHAM, PRESIDENT, THE NATIONAL AIR TANKERS ASSOCIATION

SUMMARY

The Forest Service proposes to utilize 43 fixed-wing air tankers in its FY 1983 fire protection program, at a cost of $3.6 million dollars. The National Air Tanker Association supports the overall fire protection program request for $150.3 million -- which is an amount almost three times greater than the fire protection budgets of the period from 1970-74. However, the Association respectfully submits that cutbacks of over 60 percent in the air tanker program budget over the same period will soon result in the eradication of the professional privately-owned U.S. fleet of air tankers. The Association strongly recommends that not less than $1 million in proposed 1983 fire protection budget increases be redirected to the air tanker program. Additionally, we strongly recommend that Congress add the same amount to the FY 1982 Supplemental Request. This would enable the Forest Service to contract for an additional 8 to 10 air tankers, for the 1982 fire season.

* * * * *

Mr. Chairman, my name is Woody Grantham. I am Secretary-Treasurer of Douglas County Aviation, Inc., in Chandler, Arizona. I am also President of the National Air Tankers Association. I am here to testify concerning the FY 1983 Forest Service appropriations and the FY 1982 Forest Service supplemental appropriations requests. Fourteen companies comprise the Association, and we appreciate this opportunity to appear.

The National Air Tankers Association also wants to express its sincere appreciation for the work and attention which this Subcommittee and its staff spent last year addressing the problems facing air tanker operators. For the first time in many years, the Forest Service has identified the funding proposed for the air tanker program. That is because Congress last year instructed the Forest Service "to identify and justify the amount budgeted for air tanker fire fighting services". Unfortunately, however, the Forest Service has not met the requirement that it justify its proposed budget, saying only that its proposal would result in a "cost-effective" fire program. For reasons which I will explain, we do not believe the proposed figure of $3,612,000 for forty-three air tankers is in the best interests of the public, the Forest Service, or the industry.

The air tanker fire fighting program involves a unique government-industry relationship. The service which we provide is highly specialized. We have single-purpose aircraft, specially certificated as air tankers and not allowed to be used for any other purpose. Furthermore, the government is our only market. Helicopters, transport planes, and reconnaissance planes, the rest of the equipment used in the fire aviation program, can all be used for something else. Air tankers are fire fighting apparatus -- period.

Thus, with respect to the procurement of air tankers, the government has an additional and critically important consideration. It must constantly strive to maintain a stable, financially healthy source of air tanker services. This objective cannot be met by the current Forest Service program.

Since the mid-1970's the air tanker program has suffered a dramatic deterioration, which we believe translates into an equally dramatic deterioration of public protection from forest fires:

-- in 1977, the Forest Service used 62 air tankers; for 1983 the number is 43 -- a drop of over 30%

-- in 1975 approximately $6.8 million was allocated to provide standby availability of the air tanker fleet; in 1976 approximately $9.2 million; for 1983, $3.6 million

-- in 1975 the program provided 7,791 days of mandatory availability for contract air tankers; in 1978 - 5,859; in 1979 - 4,942; the 1983 proposal would provide approximately 4,700 days. This is over 40% fewer days of air tanker fire protection than the public had in 1975.

In stark contrast to this precipitous decline in air tanker initial fire fighting attack capability the Forest Service Fire Protection budget has more than tripled during precisely the same period. The 1970-74 average was $56 million (1979 dollars). In 1982 the amount was $139.5 million; the 1983 request is for $150.3 million -- an increase of 268 percent over the 1970-74 average.

While the Forest Service fire protection budget has nearly tripled, the air tanker program is literally bleeding to death. Consequently, the vital initial attack capability of air tankers is being washed out of the fire fighting program. None of us are able to plan ahead, and of course our bankers are refusing to finance any commitments in the face of an apparently continuously dwindling and erratic program.

Because of the unique nature of our services, even when considered with other parts of the fire fighting program, the air tanker component must be recognized and treated as a separate program. The Forest Service does not consider the air tanker program separately, however, and as a consequence is on a course which will soon result in the destruction of the private air tanker fleet.

The air tanker program must have two balanced objectives: (1) the long-range stability of the industry, and (2) procurement of fire fighting services of maximum quality and effectiveness at reasonable cost. These objectives are not in conflict. The industry should be assured of a reasonable return on its investment; and the government should pay reasonable rates for the service.

Instead, today over 30 percent of the private fleet either sits grounded without contracts or has been sold to foreign governments, and existing contracts have been cut back by 40 percent from the levels of seven to eight years ago. In the meantime, the government is also being victimized in a manner which the Forest Service, itself, precisely identified in a 1964 study of its air tanker procurement. That study concluded that "the primary objectives of safe, effective air tanker services by a stabilized industry cannot be achieved by soliciting open competitive bids for contracts". Nevertheless, that is what the Forest Service has been doing for the last ten years. As a result, the public may soon find itself without any cost-effective, professional air tanker services at all.

That is not an idle statement, Mr. Chairman. The Forest Service requires an audited income statement on Forest Service operations from each contractor. Douglas County Aviation, Inc. and its affiliate, T&G Aviation, Inc., is one of the largest contractors in the air tanker program. Let me quote from our independent auditors' report of last year, which was prepared in conjunction with a Forest Service auditor: "The combined companies have sustained net losses since organization with a resulting deficiency in stockholders' equity of $291,879 on the accrual basis, thus raising a question as to whether the companies will be able to continue in business as a going concern unless they are able to attain future profitable operations and obtain additional financing." In 1975 we had a net worth of approximately $1.2 million, secure lines of credit, and a healthy ongoing business. My competitors are not in any better shape, and the Forest Service has the information to confirm that fact with similar audits.

We respectfully urge Congress to reverse the deterioration of this vital program. As a first step, we offer these recommendations.

First, the air tanker program must be viewed as a separate program within the overall fire program in order to insure its long-range stability.

Second, operator revenues must be increased by utilizing the idle capacity built up at the earlier request of the government, but now sitting unused. The Forest Service proposes to increase funds in the fire attack program by $5.2 million over the 1982 level. This additional amount would be used "to partially restore both past cuts in crew size and length of time crews are available, and numbers of ground tankers". There is no ground tanker industry about to disappear. The priority for restoring program cuts should emphasize the air tanker fleet, which has traditionally provided the public with the most effective means of initial attack fire fighting.

Furthermore, the Forest Service proposes a $2.1 million increase over the 1982 budget for the overall fire aviation program. What is this for? This amount could provide another 20 air tankers, yet apparently none of this request will be spent on the air tanker program.

The proposed $3.6 million figure for FY 1983 air tankers is the same amount as spent in FY 1981. For the FY 1982 fire season, that amount has already been increased by an 8.3 percent cost-of-living increase -- $300,000. Another such increase will likely apply to the FY 1983 program. Nevertheless, the FY 1983 request remains $3.6 million, ignoring even the 1982 increase already in effect.

We believe that not less than $1 million of the $10.8 million overall fire protection program increase should be directed to the air tanker program. This would provide for the added protection and natural resource savings of approximately ten more air tankers. Although ten more air tankers would still represent a fleet smaller than that of the early and mid-seventies, it would nevertheless constitute a significant restoration of past cuts, and a reversal of the deterioration of this program.

Third, Congress should add $1 million to the FY 1982 supplemental appropriations budget to enable the Forest Service to add these additional air tankers in time for the 1982 fire season.

In conclusion, Mr. Chairman, we believe these steps are necessary if the air tankers are to remain a part of our overall fire fighting force.

STATEMENT OF DONALD McFATTER, STATE FORESTER, NATIONAL ASSOCIATION OF STATE FORESTERS

Mr. Chairman and Members of the Committee, my name is Donald McFatter, State Forester of Louisiana, here as spokesman for the National Association of State Foresters. I represent the 50 State Foresters of the Nation. We appreciate past support by this Committee and the opportunity to appear and discuss the Forest Service State and Private Programs for fiscal year 1983.

The Administration's budget for fiscal year 1983 does not recognize the need to accelerate the Forest Service State and Private Cooperative Programs to help meet the Nation's future needs for forest products described in the RPA Assessments. It does recognize the need for placing additional national forest timber on the market in the immediate future. It also provides for longer-term investments on the national forests, but it does not reflect the long-term needs of the nonindustrial private forest lands which provide 50% of the Nation's timber products.

Fiscal year 1982 appropriations by this Committee for the State and Private Cooperative Programs totaled $64,345,000. For fiscal year 1983 the Administration proposes a budget of $47,520,000. This represents a 25% reduction over the 1982 appropriations and is the largest percentage reduction in the Forest Service budget request. The National Association of State Foresters recommends an appropriation of $109,000,000. These levels are 40%-60% of the RPA Program needs for 1983.

FOREST SERVICE, USDA

(MILLIONS)	FY 1982 APPROPRIATION	FY 1983 PREVIOUS ADM.'S BUDGET	FY 1983 NASF RECOMMENDATIONS
COOPERATIVE LAND AND RESOURCE PROTECTION:			
FOREST INSECT & DISEASE MANAGEMENT	$ 22.530	$ 16.790	$ 34.000
RURAL FIRE PROTECTION AND CONTROL	14.120	14.380	34.000
TOTAL, COOPERATIVE LAND & RESOURCE PROTECTION	$ 36.650	$ 31.170	$ 68.000
COOPERATIVE RENEWABLE RESOURCE MANAGEMENT & UTILIZATION:			
RURAL FORESTRY ASSISTANCE	$ 16.375	$ 12.375	$ 27.500
URBAN FORESTRY ASSISTANCE	1.690	-0-	4.500
ASSISTANCE IN MANAGEMENT, PLANNING, & TECHNOLOGY IMPLEMENTATION	4.535	0.975	6.000
TOTAL, COOPERATIVE RENEWABLE RESOURCE MANAGEMENT & UTILIZATION	$ 22.600	$ 13.350	$ 38.000
GENERAL FORESTRY ASSISTANCE:			
GIFFORD PINCHOT INSTITUTE FOR CONSERVATION STUDIES	$ 0.475	$ -0-	$ -0-
FIRESCOPE	0.927	-0-	-0-
SPECIAL PROJECTS-BOUNDARY WATERS CANOE AREA	3.693	3.000	3.000
TOTAL, GENERAL FORESTRY ASSISTANCE	$ 5.095	$ 3.000	$ 3.000
TOTAL, STATE & PRIVATE FORESTRY	$ 64.345	$ 47.520	$ 109.000

The RPA Assessment predicts doubled demands for wood and wood products by the year 2030 which must be met by increased productivity from the Nation's forests. The greatest opportunities to produce additional wood are found on the nonindustrial private forest lands. The State and Private program levels recommended here are an effort to increase forest productivity on these lands for future generations and to protect many of the Nation's vital watersheds. These are the lands at which the State and Private Cooperative programs are aimed but to meet the wood and paper product demands of 2030, it will need the combined efforts of the national forest industry and the private nonindustrial ownerships.

The Nation's needs for wood products for the next 20-30 years will come from trees that are already in the ground. They must be protected from fire, insect and disease and managed until harvested; but trees for 2000 and after must start going into the ground now on a continuing and accelerated basis. These new forests, too, must be protected and managed until they reach maturity.

We make the following statements for your consideration in determining fiscal year 1983 budget levels:

-- Past production of lumber and plywood came mainly from the Nation's private timberland. The bulk of the remaining old growth softwood timber now is found on the national forests in the West. One theory being advanced is that increased cutting of the old growth timber on the national forests would: (1) meet demands; (2) provide increased revenues to the Treasury; (3) provide the timber industry with a stable source of raw material; (4) convert inefficient forests to efficient forests. We do not agree that this alone would solve long-term problems or that it can be accomplished.

-- 58% of the commercial forest land in the United States is in nonindustrial private ownerships. This land which today produces 36% of the softwood saw timber harvest annually will need to produce 50% by 2030. Forestry is a long-term program and it makes little sense to neglect this vast resource. It offers more than 50% of the opportunity to increase productivity.

-- National forests annually provide 20% of the total timber products; industry, 30%; and nonindustrial private land, 50%. This includes both softwood and hardwood production.

-- Forestry is a long-term investment program facing many obstacles. Many landowners are harvesting their timber but are not making the necessary investments to reforest the area cut. High interest rates, long-term cash commitments and protection of plantation investments contribute to this impasse. Thus, millions of acres of highly productive land are being left idle.

-- Public Law 96-451 provides for tax credits and depreciation of amortized reforestation, but it is too soon to judge the effects. It is doubtful if this tax break will have any effect on many of the small ownerships. To date, very few positive actions have been reported.

-- Reforestation, protection and management needs on the nonindustrial private forests are staggering. With an estimated backlog of 10 million acres needing reforestation, it will take the combined efforts of industries, tax credits, incentives, technical assistance and cooperative programs to make a dent on the steadily increasing backlog.

-- The Administration's budget has a substantial reduction in the production of seedlings in state nurseries, which means a substantial reduction in private land reforestation. State nurseries supply seedlings for the Forestry Incentives Program which has reforested more than 800,000 acres in the past four years.

-- Emphasis on softwood regeneration and hardwood management would be discontinued. This Nation has a supply of hardwood that is underutilized. It has a potential to relieve some of the wood shortages in the future. Deemphasis of hardwood utilization denies a potentially valuable resource.

-- Urban Forestry Assistance provides recommendations on urban forest planning, care and management of trees, guidance on the placement and use of trees and advice on the uses of wood waste. Our population is 74% urban. "Urban Forestry is a science of management of trees, forests and related natural resources in or near urban areas."

The Cooperative Forestry Programs in this budget are directed at increasing productivity to meet today's and tomorrow's wood needs, but they are reaching only a small proportion of the owners. These cooperative programs which constitute less than 3% of the Forest Service budget are aimed at more than half of the commerical forest land in the United States. Only 3% of the nonindustrial forest landowners received assistance last year. This is inadequate. We hope you will give consideration to an increase in the State and Private Forestry Programs.

We support the following appropriation levels for the Forest Service Cooperative Programs for fiscal year 1983:

Forest Insect and Disease Management	$34,000,000

Integrated pest management strategies will be stressed with particular emphasis on spruce budworm, gypsy moth, bark beetles, Douglas-fir tussock moth, and dwarf mistletoe. Detection and evaluation responsibilities will cover 530 million acres of high-value forest lands.

Rural Fire Prevention and Control	$34,000,000

Intensive fire protection will be provided on wild lands, high-value watersheds, managed plantations and other valuable lands, especially where they border urban areas. The number of acres burned should be held at 2 million and fuel management activities will be emphasized. This program helps protect the public investment in state and private forest management.

Rural Forestry Assistance	$27,500,000

Forest management assistance will be increased in all areas of the United States. An expanded program of pine reforestation in the South is included, as is a hardwood management and utilization initiative in the East. Objectives will include: 300,000 acres of reforestation; 160,000 acres of timber stand improvement; 260 million cubic feet of timber prepared for harvest; 170 million cubic feet of improved wood utilization; multiresource management plans for 3.4 million acres of forest land; assistance to 200,000 woodland owners; and technical assistance for dispersed recreation, forage production, soil and water protection and improvement, and 700,000 acres of wildlife habitat improvement.

Urban Forestry Assistance	$4,500,000

This will provide a high level of technical assistance to aid in the establishment, protection, management, and utilization of urban forests for energy conservation, environmental enhancement, amenity values, wood products and watershed protection. Approximately 2,300 communities, towns and cities will be assisted.

Assistance in Management, Planning & Technology Implementation	$6,000,000

Strengthened assistance will be provided to state forestry agencies to promote better planning, to increase efficiency and effectiveness, and to help get new knowledge and technology put to use. Emphasis will be placed on forest resource planning, including the development of better inventories of forest lands, analytical technologies, and the preparation of state forest resources programs which will cover a total of 130 million acres.

Special Projects	$3,000,000

Funding would be provided for assistance to the State of Minnesota to off-set timber impacts associated with Boundary Waters Canoe Area Wilderness.

STATEMENT OF PETER J. LUCIANO, EXECUTIVE DIRECTOR, TRANSPORTATION INSTITUTE

Mr. Chairman and members of the Subcommittee, my name is Peter Luciano. I am Executive Director of the Transportation Institute.

The Transportation Institute is a nonprofit organization dedicated to research and education on maritime issues and the importance of America's Merchant Marine. Our 174 member companies operate U.S.-flag vessels in the nation's foreign and domestic shipping trades. Several of these companies have been engaged in the transportation of oil to the Strategic Petroleum Reserve (SPR).

The Transportation Institute has consistently supported the filling cf the SPR. It is the most effective U.S. program to deal with a foreign oil supply disruption. The Reserve enhances the nation's security by providing emergency oil to keep the economy running and by preserving the independence of our foreign policy against the threat of an oil embargo. It also encourages maintenance and development of a U.S.-flag tanker fleet for carriage of oil in an emergency and for fulfilling the role of naval auxiliary in times of conflict. For these reasons, we support a reserve filled to maximum capacity as rapidly as possible. We are especially concerned with the problem of storage capacity restraints currently plaguing the reserve program. To that end, we would advocate the use of interim storage capacity to help bridge the storage capacity gap.

Since its inception, the SPR program has been continuously disrupted, causing the target date for completion to be moved back to 1989. Initially, technical problems slowed cavern development. When the Reserve finally became operational, very little oil was purchased before the revolution in Iran in 1979 forced a prolonged halt in oil purchases. Finally, in 1980, in large part because of strong Congressional support, the Carter Administration resumed filling the Reserve. Since early 1981, the fill rates have been maintained, yielding now a small reserve, but one capable of supporting the country for over a month, should oil imports be disrupted.

It is unfortunate that, as the reserve program has finally become an instrument of U.S. energy policy, the United States may be forced to reduce oil purchases significantly because of storage capacity restraints. With that potential disruption in mind, the Transportation Institute commissioned a study by Petroleum Industry Research Associates, Inc., of New York. (With your permission, I would ask that a copy of the study might be included in the record of these hearings.) The study evaluated the need for new storage capacity, and then reviewed the options available. Three storage types were reviewed, salt domes, steel tank farms and tankers. The cost estimates revealed:

1) salt caverns were least expensive;
2) tankers were somewhat more expensive;
3) building a steel tank farm would be the most expensive, even using generous assumptions.

Based on the results of that study, it is our view that reductions in spending on SPR oil acquisition and program development are not wise. Instead, the United States should continue to stockpile oil using interim storage facilities.

Since completion of the study in July, 1981, certain market changes have resulted in storage possibilities not considered in the study. It is our understanding that there is a salt dome already constructed which might be available for storage, as well as some excess storage space in on-land steel tanks. Based upon this information, we would suggest using the following alternatives as the most cost-efficient approach to interim stockpiling:

1) alternate salt domes already developed;
2) other on-land storage available for rental; or
3) existing tankers.

These three alternatives may all be used to fill the short-term storage need. For that reason it is important to address operational aspects of the various alternatives. With regard to salt domes or other on-land storage, both options should be explored in effort to obtain suitable storage capacity.

In our role today we would like to provide some additional details with regard to the third option, namely tankers, Use of tankers for oil storage is not a new idea. Japan began storing its strategic oil reserves in tankers in 1979 because it had not yet developed other facilities for storage. At last report, Japan had 35 vessels in floating storage off its coast.

Private oil companies also use tankers for storage of oil in the short and medium term. Petroleum Intelligence Weekly reported on February 22 that the total tonnage of tankers used for oil storage worldwide was almost 30 million deadweight tons (dwt). Of that, more than 10 million was being held in the Gulf of Mexico. Tankers are a feasible and efficient alternative. As noted in the study referred to above, "They offer the advantage of flexibility for interim storage: they are available in abundant supply, can be chartered on flexible terms, can be moved from one location to another...."

Tankers would be available for virtually any quantity of oil the United States would want to store. In reviewing the status of the world tanker fleet, 150,000 dwt vessels and over, Lloyd's Shipping Economist reported in January, 1982, that 27 million dwt were idle, 15 million dwt laid up and another 47 million dwt capacity absorbed in slow steaming. In total there are over 80 million dwt available in the large crude carrier categories most suited for storage capacity. Perhaps 80 million dwt of tanker capacity could hold over 600 million barrels of oil if placed in storage. It is clearly feasible for the United States to meet its entire need for interim storage requirements through charter of tankers.

An additional consideration must be reviewed with regard to the security implications of tanker storage. Under current law a minimum of fifty percent of all foreign oil purchases for SPR must be transported on U.S.-flag vessels. This requirement normally employs most of the suitable U.S.-flag tonnage. Under an aggressive fill strategy a lack of U.S.-flag vessels to hold oil in storage would probably result in the need to employ foreign-flag tankers. The Transportation Institute endorses such a policy with the following conditions:

1) U.S.-flag tankers be utilized for interim storage, provided they are available,
2) if foreign vessels must be used for interim storage, they would be required to meet all U.S.-flag safety, environmental, and operating standards including those required by the United States Coast Guard;
3) all individuals operating, controlling, or aboard the storage vessels would be required to be U.S. citizens; and
4) storage-vessel management would be by United States companies.

These conditions would be necessary to insure the undisputed security and rapid availability of oil stored in the Gulf aboard foreign vessels.

Another consideration involves the consistency of the fill rate. At all levels of planning, storage, transport, and final goals, a consistent target rate-of-fill is important. Planning by all affected parties is enhanced, as are U.S. foreign policy and energy policy objectives. Without a long-term committed rate of fill, U.S. interests become subject to erratic swings in tactics both domestically and from foreign sources. With a long-term fill rate clearly mandated by Congress, the United States will be able to assure its energy security and reduce many of the aberrations to which this program has been subject over the past half-dozen years.

At this point, it is important to note the benefits of an accelerated fill of the SPR, especially since interim storage options are viable. First, the more oil in the reserve, the more protection the United States has from unexpected oil supply interruptions. In addition, political power implicit in the use of oil as an economic weapon would diminish, and the temptation to use that weapon would be reduced.

Also, there can be little doubt that the price of oil is now a bargain. While analysts are far from unanimous, there is certainly good reason to expect the current oil glut and price decline to halt and reverse as Western Europe and the United States return to better economic health. The recent unity demonstrated by OPEC nations indicate that group will continue its efforts to reverse recent price declines. The U.S. government should take advantage of the low price and supply availability during this favorable period of market adjustment.

Given our need and ability to purchase and store oil supplies at this time, the lack of permanent storage capacity should not be a limiting factor for the SPR program. Only a continued, rapid, and regular fill rate will serve the best interests of the United States.

Thank you very much.

STATEMENT OF KEN C. PALMATEER, MANAGER, GOVERNMENT LIAISON, EDS CORP.

Coal Mining Productivity Program
Position Paper

1. ISSUE: Should there continue to be separate Coal Mining Research and Development programs in the Department of Energy and the Department of Interior?

BACKGROUND: The Federal Government has been involved in mining and minerals beneficiation research since 1910, when the Bureau of Mines (BOM) was established. The BOM was the focal point for all Federal related mining activities, such as research and development and the enforcement of mine safety and health regulations. The coal mine production and preparation research and development programs of the BOM were transferred to DOE when it was formed in 1977.

Through Congressional action during the past decade, the focus of the BOM mining research program has been redirected principally to coal and non-coal mining R&D to improve the safety and health of mine workers and to minimize the environmental impacts of coal and non-coal mining. The focus of mining R&D within DOE is on improved mining technology to mine the different coal seams throughout the country with their various mining conditions and to meet the Nation's coal requirements on a continuing basis at a minimum cost. Consideration for the safety and health of coal miners and environmental impacts is an integral part of the DOE coal mining R&D program; however, the primary objective is the production of coal.

When examining the DOE coal mining program, a distinction should be made between the coal mining component and coal preparation component. Coal preparation is inextricably linked to coal utilization because its basic purpose is to "clean" raw coal to quality levels required for specific utilization purposes. The underlying need for coal cleaning is determined by economic and environmental considerations relative to the end use, whether in power generation, synfuel production, or export. Moreover, coal preparation is critically important to the development and deployment of advanced coal slurry fuels which show promise of enhancing the economic and environmental status of steam coals.

When the Coal Mining Productivity Program was transferred from BOM to DOE in 1977, the National Coal Association took the position, supported by the American Mining Congress and the United Mine Workers of America, that the split was unwise and should never have been made. DOE has taken the position throughout the past year and continues to believe that this productivity program currently located in DOE/Fossil Energy would be most efficient if it were reconnected with the DOI/BOM mining program. DOI now has responsibility for coal mining R&D as it affects coal mine health and safety, and coal surface mine reclamation. DOE's role has been to stimulate the development of more efficient technology for coal production. Because health and safety and coal mine land reclamations have such a strong influence on coal production technology, there has existed the potential for conflict and significant overlap between the programs in the two departments.

The Mining R&D Program was originally moved from DOI/BOM to DOE when DOE was established in October 1977 so that all of the components of the coal fuel cycle, including mining, coal preparation, and coal utilization and clean-up, would come under the same management. In practice, however, the link between mining and the rest of the coal cycle has not been strong compared to intradependencies among components in the rest of the cycle.

Thus, the split of mining programs between DOE and DOI has proved to be somewhat artificial and has not really helped the programs. The DOE mining program has continued to lose support with its budget authority dropping from nearly $70 million per year in FY 78-80 period to 10.5 million in FY 82. DOE's FY 83 program has been reduced further to a $1 million inhouse R&D program. Reconnecting this program with DOI's would not only reduce overlap but would permit the linking of DOE's inhouse work with the outside private contractor efforts sponsored by DOI. If this transfer were made rapidly the most important contracts could be continued with DOI assistance. Under the present situation, they must shortly be terminated.

Combining the DOE and the DOI mining efforts would mean that all facets of coal mining problems are considered by a single institution, i.e., the potential effect on health and safety, the potential adverse environmental impacts and the probable impact on conservation and mining efficiency and productivity of new technologies can be evaluated concurrently. Competition for resources can be handled on the basis of overall mining industry needs.

- The Bureau has a much bigger mining budget for FY82 (5 x DOE's) and a larger personnel base (15 x DOE's) trained in mining-related disciplines. This gives them both more credibility and capability.

- The recent DOE action in eliminating its surface coal mining R&D capability in FY 82 is not consistent with a previous DOE notion that it needed a comprehensive mining R&D capability.
- The coal mining, preparation, transportation, utilization chain does not in fact exist in DOE since there is no transportation R&D. The user community (mining companies) for mining technology is quite different than the user community for coal utilization/conversion technology.
- The industry (the National Coal Association, American Mining Congress, etc.) has consistently opposed division of the mining program between DOE and the Bureau of Mines both before and since the formation of DOE.

Conclusion

The nation's interest in increased productivity for coal with enhanced health and safety for miners and even more improvement in the control of environmental impact from coal production will best be served by having these programs combined under one agency - the Bureau of Mines/Department of the Interior.

2. ISSUE: Should the Coal Mining R&D program receive an increase in FY 83 funding over the present administration recommendation?

Program Results

During the fiscal years 1978-1981 period, the Mining Research and Development Program managed more than 300 integrated contract research efforts directed toward developing, testing, and encouraging the use of innovative and improved coal mining technology. The congressionally assigned objective to investigate improved methods of mining coal has been amply executed--and with significant results.

Among the major accomplishments were the development and trial of the first working prototypes of the next generation of room-and-pillar underground mining systems; development of a much better system for high performance training of dragline operators to overcome a major roadblock to efficient surface mining practices; the initial trials of several innovative mining systems; a number of commercial spinoffs from the program research and development efforts; the initiation of mechanisms with the safety inspectorate to speed the adoption of new technology; and a general change in the attitude of the mining industry toward the feasibility and economic practicality of technological advances.

The coal industry has been an extremely conservative industry, not noted for seizing upon even those innovations that become available without any appreciable development cost to the private sector.

An integral part of the Development program has always been to ensure the health and safety of coal miners and to minimize disturbances to land and water quality that result from coal extraction. A major portion of the surface mining program was directed with good results to more efficient removal and replacement of overburden to minimize the costs of meeting national regulations.

Much of U.S. industry and more than half the Nation's population depend on coal-generated electricity, so they have been direct beneficiaries of this program. The costs of coal extraction account for 40 to 60 percent of such electric power costs, and higher coal prices are routinely passed through by miner and utility to the consumer. Indirectly, because of the multiplier effect of basic energy costs on the prices of finished products and because of coal's role in helping to solve our overall national energy problems, the sharing in benefits is even broader.

Earlier goals and objectives of the Federal research and development program on coal mining have been narrowed sharply as President Reagan's energy and budget policies have been implemented. Research activity on surface mining has ceased, and research and development for underground mining is now restricted entirely to supporting high-risk, high-payoff, long-term research directed to reducing the cost of coal mining. The development of actual prototype equipment will be left to private enterprise. The Administration's position is that with the incentive of the new Research and Experimentation Credit, the coal mining industry can do its own research without assistance. An evaluation of this position follows.

Effect of Research and Experimentation Credit

The new Research and Experimentation Credit will principally benefit U.S. high-technology industries with high growth potential. The 25 percent incremental tax credit for research and development expenditures may represent a significant incentive for investment by industries like the electronics or pharmaceutical industries, where:

- Research and development expenditures may represent a significant fraction of annual sales, usually over 10 percent,
- Investment in research and development is recouped relatively quickly in resultant sales of patentable products, and
- High-risk ventures are common in companies which rapidly expand their in-house research and development.

Companies that can plan a program of research and development investment extending over several years, with significant incremental increases in qualified expenditures, can best take advantage of this provision.

The benefits from this tax provision have a much lesser potential impact on the coal mining companies and mining equipment manufacturing companies. The mining industry is one of the most capital intensive of all industries, and the capital depreciation combined with depletion, often results in fairly low tax rates. Therefore, a 25 percent credit offered towards an already low tax does not provide much incentive for firms to increase expenditures for research and development.

Further, the mining industry spends a relatively small percentage of earnings on research and development--less than one percent of sales over the last 17 years. Although investment in development of improved mining techniques has great potential for improving productivity, as well as miner safety and environmental protection, these research results often have poor patentability. The Industry Studies Group of the National Science Foundation has surveyed research and development expenditures by U.S. industry for the years 1976, 1977 and 1979. During this period, reported coal mining research and development expenditures declined from $7 million to $5 million and $1 million respectively. These figures include only the 11,500 predominantly large corporations that were surveyed by NSF, but the trend may accurately reflect the investment decisions of the large companies that are responsible for most mining industry research and development investment.

In the segment of the mining industry where research and development expenditures are most significant, business organizational characteristics tend to diminish the effect of the tax credit. First, mining research and development is largely the province of large, established companies: Bituminous Coal Research, Inc. estimates that approximately 70 percent of the 1978 coal production was contributed by companies producing over 4 million tons per year. However, it is the newly established, innovative high-technology businesses that can particularly benefit from the tax credit as their research and development investment jumps from zero.

Secondly, the research and development budgets of formal company research establishments may not fully reflect the considerable amount of informal research and development work (modifications to machinery, mine planning innovations, etc.) conducted by production staff at mine level. These expenses are difficult to document for tax purposes.

A third organizational characteristic is that the larger coal mining and equipment manufacturing companies that dominate mining research and development are often subsidiaries of very large coal, oil, steel or utility parent companies. As research and development expenditures commonly appear in the research and development budget of the parent company, any incremental increases in coal-related research and development expenditures represent an insignificant tax credit-elegible increase in the parent company's overall research and development budget. Thus, the subsidiary does not receive the credit, and the taxpayer (parent company) has little incentive to support coal research and development expenditure increases.

Economic and market conditions characteristic of the mining industry also tend to discourage incremental research and development expenditure increases. Periodic development of advanced mining equipment and processes is not generally considered essential for a company to remain competitive within the industry. Modifications and improvements to existing equipment on an ad hoc basis are more common than formal research programs. It is the more systematic long-term research, however, that is encouraged by both the tax act and by federal programs offering cooperative agreements.

Coal supplier and mining equipment supplier investment in research and development for a given year is also a function of the average annual price of coal. When coal prices drop or remain stable (but production costs continue to increase), suppliers reduce production and cut non-essential expenses such as investment in research and development. Coal prices are currently expected to decline in 1982 with a sharp rise expected only by 1984, according to Dean, Witter, Reynolds. Regardless of the accuracy of this forecast, future earnings from coal holdings and future equipment sales are difficult for the firms to predict in the long-term. Uncertainties regarding government policies, environmental and safety regulations, and alternative energy source prices are other factors discouraging long-term commitments to incrementally increase research and development expenditures.

In summary, the impact of the Research and Experimentation Credit upon the mining industry is likely to be minimal for the reasons outlined above. Federal policy has restricted government financing to the more revolutionary types of coal mining research and development, leaving evolutionary research to industry. The new tax law provisions will allow coal mining and mining equipment manufacturing firms some tax relief for necessary research that probably would have been performed even without tax incentives. The new tax incentives are insufficient to induce the mining industry to begin advanced research and development because of the high risk of failure associated with such advanced research.

Industry executives see no significant benefits from the Research and Experimentation Credit. According to knowledgeable officials at the National Coal Association and the American Mining Congress, research and development expenditures are too minor an element of company budgets for the tax credit to motivate noticeable increases. According to the tax counsels of several of the major coal mining companies and mining equipment manufacturing companies, the Research and Experimentation Credit may be advantageous, but it is presently too early to estimate the extent of the benefits. Potential tax credit benefits to the mining industry will become clearer as the IRS develops regulations to implement the tax act.

Conclusion

The administration budget request for mining R&D is set at $1 million for FY 83. This portion of the DOE budget for FY 82 was $10.5 million, and that was much smaller than FY 81.

Without a substantial increase in this FY 83 budget, mining research will cease to be a viable national program, and the rise of mining costs (dollars, lives and environmental impacts) will go unchecked.

Without a substantial increase in this FY 83 budget, it will be impossible to maintain even the one major Mining Technology Center at Pittsburgh.

Without a substantial increase in this FY 83 budget, on-going R&D contracts will have to be terminated, so that uncosted dollars might be recovered to help sustain government laboratories, and this will prevent the orderly phase out of the balance of remaining contracts.

Without a substantial increase in this FY 83 budget, the only way to save any Coal Mining Productivity R&D Program is to transfer it from DOE to DOI, immediately, with additional funding for DOE so that important contracts and key personnel (government and contractor) can be retained under the larger DOI/BOM umbrella.

STATEMENT OF ELINOR SCHWARTZ, ASSISTANT DIRECTOR FOR ENERGY, STATE OF CALIFORNIA

My name is Elinor Schwartz. I have represented the California Governor's Office and the California Energy Commission in Washington for more than five years. My comments will expand on those you heard from the National Governors' Association strongly opposing the Administration's proposed elimination of the state and local energy conservation grants. In addition, I will convey the Energy Commission's concerns about the Administration's Strategic Petroleum Reserve policy.

California depends on oil for about 60% of its energy needs. Reduction of its vulnerability to oil market price increases and shortages is one of the greatest challenges for the state's energy policy. The Commission has taken up this challenge, pioneering in the developemnt of efficiency standards for buildings and appliances. It has made available its assessments of alternative resources and technologies. It has also expedited siting certification of an integrated coal gasifier combined-cycle demonstration facility at Coolwater in Southern California and has become a national leader in testing pure alcohol transportation fuels through government fleets.

By the year 2000, all the current California conservation programs will be saving, in reduced electricity and natural gas use, the equivalent of 106 million barrels of oil per year. Additional cost-effective conservation programs could save by the year 2000 the energy equivalent of another 122 million barrels of oil per year, according to the Energy Commission's 1981 Biennial Report. The State has taken advantage of the federal conservation programs to make considerable headway. Without these programs, the State would continue its efforts, but at severely diminished levels.

STATE ENERGY CONSERVATION PROGRAM (SECP) Each of the following programs under SECP is funded approximately on a 50:50 basis for federal and state support: development and enforcement of building and appliance efficiency standards, commercial and industrial audit and retrofit programs, load management, and technical assistance to local governments in such areas as energy ordinances. These programs resulted in estimated savings of 12 x 10^{12} BTU's (or 2 million barrels of oil) in energy savings in 1981. By the end of 1982, California's nonresidential building standards will still remain to be developed. In addition, the industry training, enforcement, compliance, and technical assistance phases will need funding to ensure full implementation. The Commission is also concerned about the Administration's intention to preempt the state's appliance standards, possibly by a declaration that it does not approve of national standards. It is especially ironic in an Administration that professes to respect state's rights that it also proposes to zero out the appliance program at a time that the state would exercise its statutory right to appeal to keep its productive conservation programs in place.

SCHOOLS AND HOSPITALS Another 78,000 eligible institutional buildings have yet to be reached by this program. Without fedeal funds, the Commission's successful auditor training program may be eliminated. To date, 600 full-time auditors and 4900 maintenance workers have been trained; another 4000 full-time auditors are needed. The federal cutback will either reduce the number of buildings retrofitted or the support available to each building.

TRANSPORTATION CONSERVATION While the amount of federal funding has not been large, the $200,000 annually received by the Energy Commission has been crucial to the development of state policies for vehicle efficiency, transportation planning and engineering, and goods movement. The proposed elimination of federal funds will force the Commission to drastically cut support for demonstrating such techniques as: (1) computer optimization of fuel use for school bus fleets; (2) synchronization of traffic signals; and (3) physical plans for efficient transportation and land use at the local level.

WEATHERIZATION As the Committee knows, this program is targeted to those who feel market pressures most acutely, but who have not the means to make up-front investments in conservation. While the state program has obtained a portion of its current funds from low income fuel assistance monies, the latter are proposed to be combined with another program and cut. The Community Development Block Grant program, another potential source, would be level despite inflation. The Energy Department funds would also be eliminated. These cutbacks in funding come at the same time that the program must absorb a 50% larger cost per average house due to increased labor costs from the phasing out of CETA workers. In its three years of operation, the state program has weatherized 25,000 homes (17,000 elderly, 5,600 handicapped, 2,500 Indian, and 460 migrant). At the rate of 7,500 homes a year, it will take quite a few years to get around to the more than two million households eligible under Health and Human Services income standards. Not only is continued DOE funding critical, but also important are consistent signals. DOE and HHS have different low income eligibility levels and DOE has on several occasions changed the implementation time for a given funding cycle without adequate notice.

ENERGY EXTENSION SERVICES (EES) The Extension Service, like weatherization, is a federally funded program that could not be expected to be picked up by the state in a time of cutbacks for traditional state programs. It is targeted to reach sectors of the population that might not respond to market signals without special training. As successful as some of its programs have been, they and their spinoffs are not capable of survival under current federal and state budget conditions. For instance, the "Gas Cap" program trains vehicle fleet managers in selection and maintenance of vehicles plus driver fuel efficiency techniques. This program started with pilots for two police departments and has expanded to new statewide training centers this year. Budget cutbacks would force these centers to close. Other EES-sponsored workshops have explored alternatives to natural gas for crop drying and looked at cost reduction and avoidance methods for small businesses. Workshops for renters on a complex by complex basis in the Bay Area have resulted in 20-30% energy savings by convincing renters to install low cost steps such as caulking, weatherstripping, and low watt bulbs and by landlords agreeing to replace oversized heating and cooling systems, among other measures. State Extension Service staff estimate that they have only begun to scratch the surface, reaching only about 1-10% of their target populations directly to date.

STRATEGIC PETROLEUM RESERVE (SPR) The Energy Commission's two-member Energy Contingency Planning Committee, in their recent draft report, Moving Toward Security, take seriously the vulnerability of the West Coast states that comprise PADD V. Because these states are not tied into the integrated oil network for the rest of the lower 48 states, the West Coast does not have easy access to oil from the SPR. During an emergency, the availability of Jones Act tankers that could move through the Panama Canal would certainly restrict access to that oil. Under current refinery configurations, if low-sulfur Indonesian crudes were diverted, there would be serious impacts on end-users required to burn low-sulfur fuels. These factors, combined with the harsh economic impact of any cutoff of Alaskan crude, argue for consideration of a western SPR. The Commission feels that it is important to explore the feasibility of such an option and seeks federal partnership in such a study. In his March 2 testimony before the House Fossil and Synthetic Fuels Subcommittee, DOE Assistant Secretary William Vaughan dismissed the notion. It deserves more serious consideration. In fact, given the current excess of very large tankers, they might provide suitable temporary storage in West Coast ports. Such tankers, as well as excess tanks, might also be appropriate for other parts of the country. This would enable the fill rate for SPR to approach the Congressionally approved level of 300,000 barrels per day, rather than a level bounded by self-imposed budget restraints. Currently, private stocks and spot prices are both falling. This makes an interesting example of why government must sometimes act, when aggregate private choices do not adequately reflect the public interest. Now is the time to agressively acquire oil for reserve.

CALIFORNIA ENERGY COMMISSION

1981 BIENNIAL REPORT
ENERGY TOMORROW: CHALLENGES AND
OPPORTUNITIES FOR CALIFORNIA

TABLE 7-1
CONSERVATION FROM EXISTING STATE PROGRAMS

	1985		1992		2000	
	10^6 Therms	GWh	10^6 Therms	GWh	10^6 Therms	GWh
RESIDENTIAL SECTOR						
Residential Building Standards						
—HCD Standards (1975)	8,530	3,658	11,440	7,404	11,910	11,474
—Electrical Resistance Heating Standard [a]	−4,480	3,914	−8,930	9,260	−14,370	16,585
Residential Retrofit						
—Attic Insulation	3,170	492	2,860	484	2,610	486
—Water Heater Jackets	770	67	230	19	30	3
—Solar Water Heaters	870	38	900	102	1,000	141
—Solar Pool Heaters [b]	560	−256	890	−641	1,090	−1,225
Appliance Efficiency Standards	2,430	2,121	5,120	5,554	6,580	8,764
Residential Load Management Standards [c]	—	870	—	1,033	—	1,130
COMMERCIAL SECTOR						
CEC Nonresidential Building Standards	440	1,365	1,020	3,297	1,780	5,628
Commercial Retrofit						
—Audits [c]	—	3,276	—	2,080	—	1,534
—Public Buildings Program [d]	—	534	—	348	—	256
Street Light Conversion [c]	—	902	—	950	—	976
INDUSTRIAL AND AGRICULTURAL SECTOR						
CEC Nonresidential Building Standards	30	161	60	314	90	485
Industrial Retrofit (Audits)	930	280	1,150	202	1,420	205
Time-of-Use Rates [c,e]	—	0	—	0	—	0
GENERAL						
Voltage Regulation: Phase I [c]	—	2,625	—	2,950	—	3,273
TOTAL CONSERVATION	13,250	20,047	14,740	33,356	12,140	49,715

[a] Increases the proportion of new dwellings with gas heat.

[b] Increases electricity consumption for pool pumping.

[c] Inapplicable to gas.

[d] Insufficient information on gas savings.

[e] Load shifting reduces need for capacity, not energy.

TABLE 7-2
ADDITIONAL ACHIEVABLE ELECTRICITY AND NATURAL GAS CONSERVATION

	1985		1992		2000	
	10^6 Therms	GWh	10^6 Therms	GWh	10^6 Therms	GWh
Residential Sector	5,770	4,615	10,570	11,500	15,380	18,235
Commercial Sector	560	2,780	3,060	12,800	4,860	21,400
Industrial and Agricultural Sectors	600	1,500	1,200	3,600	3,200	5,500
General (Voltage Regulation)	—	2,780	—	3,000	—	3,400
TOTAL CONSERVATION	6,930	11,595	14,830	30,900	23,440	48,535
Annual Energy Bill Savings (1980 prices)	$1 billion		$2.6 billion		$4.1 billion	

STATEMENT OF J. N. CARSEY, PRESIDENT, THE ACCOKEEK FOUNDATION, INC.

We respectfully request the Committee to consider favorable consideration to appropriating $225,000 to the National Park Service for previously authorized capital improvements to Piscataway Park, Maryland.

The Accokeek Foundation's program of preserving "an area of great natural resources" has been supported for many years by the Congress, by major national environmental groups, by State and local governments and by generous citizens and regional organizations.

A quarter century ago, when private efforts were threatened by condemnation from a local sewage agency, the Congress came to our rescue with PL-87-362. Since then, the Congress has five times enacted amendments to the authorizing legislation. This Congress has approved appropriations under those authorizations. The Accokeek Foundation has taken the lead with other organizations and local citizens in contributing lands and interests in land to the National Park Service, valued by the Government in 1968 at over $6 million. As you can recognize the current value of that property probably exceeds $15 million. Also in 1968, $10 million was appropriated by the Congress on the recommendation to this Committee. This allowed the completion of Piscataway Park, which is now part of the National Park System.

In 1978, the Congress authorized an additional $2 million for the development of Piscataway Park. This was to match the $2.6 million, which the Accokeek Foundation had expended up to that time from private funds, to develop the concept of the Park and to create the National Colonial Farm. The Foundation continues its longstanding Cooperative Use Agreement with the National Park Service, to operate the Colonial Farm, to conduct basic research on the crops and culture of the period as a service to the public. This latter work is entirely financed with private funds. A major contributor to that has been the foresighted support of the Wallace Genetic Foundation.

I will not take the Committee's time with a recitation of the entire history of the project. I am submitting to the record our 25th Annual Report which is self explanatory. The Committee files also contain previous testimony which covers the matter in detail, as did our last testimony before this Committee on February 26, 1979.

The authorization for $2 million was passed on November 19, 1978 (PL-95-625). This authorized a development ceiling of $2 million for the lands comprising Piscataway Park. During the debate of this matter in the Senate, a five-year program for the work of the National Colonial Farm was made part of the record. A copy of this also is submitted for the record. The only capital project which has been undertaken is the almost completed Visitor Contact Facility.

We are all aware of the astronomical rise in construction costs since 1978. For that reason, we have eliminated certain items from our original projections. Instead of a new maintenance building, estimated to cost $20,000 in 1979, we were able to utilize a surplus steel building from the Park Service. It was erected by us, at substantially less than the 1979 estimate. It is sufficient for our needs.

Since the action by the Congress in 1978, a formal Master Plan for the National Colonial Farm has finally been fully adopted by the Park Service. This plan calls for moving the existing farmhouse (a caretaker's residence originally built by the Accokeek Foundation at no cost to the government) from the present location to a site outside the interpretation area and replacing it with a house of the colonial period, which will be part of the interpretive program. To this end, we have identified an existing pre-revolutionary house which can be disassembled and moved to the selected location on the Farm by the Foundation. The total cost of moving the present house and replacing it with a house of the period would be $135,000.

The Master Plan calls for the construction of a new Administration Building at another location. In view of the present construction costs of such a building, we have prepared plans which provide for the elimination of health and safety hazards delineated by the Park Service in the present building. The cost of this work is estimated by the Accokeek Foundation at, "from $65,000 to $90,000." (depending upon the year of construction)

Therefore, we respectfully request that the Interior Subcommittee give thoughtful consideration to the appropriation of $225,000 for the above items in the Fiscal 1983 budget.

This matter has been discussed with the Park Service, who offer no objections.

Our Cooperative Use Agreement with the National Park Service has served well since 1963, and has now been renewed through the year 2000. It can be renewed at that point.

Thus, this outstanding Cooperative program of federal, state and county governments with a private non-profit organization is ongoing.

Action by this Congress will carry forward the federal obligation in the truest senses of the linkage between the Federal government and the private sector.

STATEMENT OF THOMAS F. MCLINTOCK, RESEARCH COORDINATOR, HARDWOOD RESEARCH COUNCIL

This testimony will relate to the research budget of the U. S. Forest Service. The amount requested by the Department of Agriculture for fiscal year 1983 is $98 million, a reduction of $12 million from fiscal year 1982. When declining purchasing power of the dollar is taken into account, this is likely to represent a funding level 17 percent below that of last year, and more than 20 percent lower than fiscal year 1981.

These reductions will have extremely severe effects on essential research activities, and we believe that the long-term adverse implications will prove to be greater than the immediate and negligible benefits to the over-all Federal budgetary situation. In terms of programs, the diminished level of investment in R&D will force closure of 15 percent of all Forest Service projects, elimination of over 400 positions, premature termination of several hundred studies, at least temporary interruption of many more, and the crippling of cooperative programs that have been carefully built up in recent years and are just beginning to achieve a high level of efficiency.

We are disturbed by this downgrading of research, particularly in view of substantial increases in the budgets of most other Forest Service activities. We fear that it may reflect a philosophy favored by some members of this Administration that forestry research should be primarily an industry responsibility and not a major role for the Federal government.

In many fields of activity the industrial sector can, should, and does carry a heavy burden of the R&D needed to help solve its problems. But the situation in forestry, with the exception of some aspects of wood product manufacturing, is such that industry cannot be depended upon to assume the research effort necessary to maintain and advance the varied contributing technologies.

Forest industries own just 14 percent of the Nation's forest land. Their objectives and policies for those lands, and their requirements for research, revolve around relatively intensive, high-cost management on large tracts. Only a handful of companies are able to mount meaningful efforts in forest management research. The nonindustrial private owners, who control nearly 60 percent of our forest land, need technology adapted to extensive, low-cost practices for small tracts. They can look only to the U. S. Forest Service, the universities, and in a few cases to the states, to provide the information and methodology to meet their needs. Industry research has rather limited application to their problems.

In the field of wood processing and utilization research, industry does play an important part, particularly in pulp and paper manufacturing where very large capital outlays in mill and equipment are required. But because of the versatility of wood as a raw material, hundreds of products are made from it, and a high proportion of the primary and secondary wood-using industries are specialized and fragmented. Their plants are small, their profit margins narrow, their markets tend to fluctuate, and they cannot afford the scientific manpower or facilities needed to maintain an R&D department. Of the more than 60 wood products manufacturers who are members of our Council, only two conduct any in-house research.

Much of the research in wood products that the industry does perform is cooperative--with universities and with the U. S. Forest Service. Also, industry often fulfills an essential function by handling the operational testing of new technology, or by financing the setting up of prototype systems or equipment. A diminished capability for research in the Forest Service would not automatically result in an accelerated effort by industry. In fact, just the opposite is more likely to occur. It should also be remembered that results of research performed by a large corporation are usually proprietary in nature and not likely to be available to wood-using industries at large.

The country's universities and state agricultural experiment stations have been an important part of the total forestry research effort and must continue to be so. But there are good and compelling reasons why they cannot be expected to assume the primary responsibility and work load. The leadership, coordination, and conduct of research for a renewable natural resource as important as our forest and range lands must be a Federal role.

We referred above to the Forest Service programs of cooperative research. The universities have been increasingly involved during the past five years with the Department of Agriculture in coordinated planning and funding of research. The financing of university research from Federal, State, and industry sources has been rising, and needs to grow at a still faster rate. Close working relationships with the Forest Service are creating a situation where their efforts complement and supplement each other. It would be most unfortunate if Forest Service contributions to this effective joint effort are now drastically curtailed, as must surely happen if the reductions in the President's budget are sustained.

We would like to comment now on some specifics of the Forest Service research budget, and to identify a few broad areas which we regard as especially critical, and which we think should not be weakened by loss of funds.

Of major concern is the periodic inventory and appraisal of our Nation's forest and range resource. This program, identified in the budget as "Renewable Resources Evaluation", received $13.2 million in 1982 but is scheduled for a $2 million cut in 1983. Probably no research activity in the Forest Service is as important, is depended on by so many people, and is conducted with a higher degree of scientific professionalism. Formerly known as the Forest Survey with responsibility only for the timber resource, this program now has the job of complete multi-resource studies, but the greatly expanded scope of the effort has not been supported by either dollar or manpower increases.

Our Council, along with many other groups, has repeatedly pushed for higher funding which would allow faster, more detailed, and more precise appraisals of the status and trends in forest and related resources. The cycle--that is, the interval between successive surveys--is critical. In heavily forested states the cycle needs to be short to keep up with critical changes in area and condition. In states where forested acreage is relatively small, the cycle can be longer. At present the average for the country is about 11 years, and the minimum is about nine. This is too long for most states where the timber economy is important. But the proposed $2 million reduction would result in lengthening the cycle by two years, just the opposite of what is needed.

Much has been learned about the relatively intensive, high-cost forest management practices that are adaptable to large ownerships, and it is on these tracts that the best management is now being practiced. But on most of the 280 million acres in the hands of private, nonindustrial owners, timber is growing at a rate far below the physical capability of the land. What is needed, and needed urgently, is more research on low-cost, extensive management methods which will produce a significant improvement in growth and timber quality, but which will be more compatible with the objectives and financial resources of the small private owners. We urge not only that this kind of research be exempt from cutbacks, but that this Committee ask the Forest Service to seek ways to strengthen it.

This Committee is well aware of the close interrelationships of timber, soil and water. The condition of the forest cover and the manner in which timber is harvested have a profound effect on the continued productivity of the soil and the quality of water flowing from the forest. Much still remains to be learned about management practices that will not only avoid damage but will actually enhance soil and water values. As our need for wood products increases, as more timber is cut--much of it in situations where a fragile balance prevails between timber, soil and water--we must know in advance the probable nature, severity, and duration of the impacts of logging. Research on the integrated management of timber, soil and water should not be allowed to fall into neglect.

Hardwoods make up 250 million of the 350 million acres of eastern forest. They represent an enormous, relatively undeveloped resource. For the most part, our eastern hardwoods have suffered over the years from bad management and are now yielding a fraction of the growth and value that would be possible under good management. But hardwood forests are complex and difficult to manage, and research has lagged far behind that for our softwood forests. Consequently, we simply do not have the technical know-how--especially the practical economic information--that could provide the basis for workable management guidelines.

Our skills in utilizing hardwoods are almost primitive. It has been said for years that "half the hardwood tree stays in the woods, half the hardwood log stays in the mill yard, and half the hardwood lumber goes to the waste burner." While this may be somewhat of an exaggeration now with increasing use of chips and wood for fuel, the fact remains that there is a critical need for expanded research on better processing, drying, and merchandising of hardwood products. The problem is most critical for the lower grades of logs and lumber which are in abundant supply.

Two years ago this Committee approved a budget request for $3.8 million to accelerate the progress of research on eastern hardwoods. The Hardwood Research Council presented testimony in favor of that program increase, and we were most appreciative of the favorable consideration it received from the Congress. It was the first in what was to have been a two-stage build-up of research in this badly neglected problem area. The second phase had been scheduled for fiscal year 1982 and was, understandably, postponed.

We now sense in some of the signals we have received from the Department of Agriculture that some or perhaps most of this hardwood program may be regarded as "expendable". We have learned, for example, that three eastern projects assigned to study hardwood problems are to be closed, and we fear there may be others. We are convinced that the magnitude and importance of the hardwood resource, and the complexity and urgency of the problems relating to its management and use, should make this problem area one of the last to be put in jeopardy by reduced funding, not one of the first. We urge this Committee to resist any tendency by the Forest Service to dismantle this essential program.

We recognize that not all research has equal importance and urgency, and that some reductions in the research budget may be necessary. We would like to suggest to the Committee several programs which we consider to be of relatively low priority. We believe a deferral of activities in these problem areas would not cause unacceptable damage to the future management and use of our forest resource.

Urban Forestry Research. We do not question the need for better knowledge of how to manage and protect trees and wooded areas in an urban environment, but we question whether this should be a priority job for the Forest Service.

Fire Research. While we acknowledge the extreme urgency of improved fire control to protect forest values in all parts of the country, we do not see a large number of urgent researchable problems. We think some cutback in fire research could safely be made.

Recreation Research. We understand that the problems of properly developing and managing the outdoor recreation resource are varied, complex and troubling, particularly on public lands. But we consider the urgency of research on these problems to be of a somewhat lower order than many others. Continued progress can be made by greater application of knowledge and techniques already available.

Problems of Limited Scope. We are aware of some research being undertaken by the Forest Service that is of importance only in a rather restricted geographical area. We think that at least in some cases such research could appropriately be handled by a state university or some other more locally oriented institution.

In times of economic stress, it is tempting to sacrifice or postpone investments in R&D on the grounds that "we can always go back and pick it up in a year or two when times get better." The fact is that when the continuity of research is interrupted, not only is valuable time lost but the ultimate value and reliability of the results are often badly compromised. The future of our wood-using industries and the productivity of our forest under scientific management depend on the development, testing, and adoption of new technology. But without a planned, orderly, and stable program of research, the flow of new technology will be erratic and heavily dependent on costly and wasteful trial-and-error methods.

STATEMENT OF MARGARET GARLAND, DIRECTOR, VERMONT ENERGY OFFICE

The Governors strongly support continuation of the existing state energy conservation grant programs, including the State Energy Conservation programs (SECP), the Energy Extension Service (EES), Schools and Hospitals, and Low-Income Weatherization. At the winter meeting of the Governors in February 1981, the Governors identified funding for these programs as the principal priority among all of the Administration's proposed cuts in energy and environment programs. At the NGA's midwinter meeting in February of this year, the Governors reiterated their support for continued federal involvement in conservation, and adopted policy opposing cuts in funding for any state grant programs below the FY 1982 levels pending some agreement between the Governors, the Administration, and the Congress on a specific plan for the "new federalism".

The state conservation grant programs, which maintain essential energy conservation and emergency preparedness activities in many states, already sustained significant cuts in FY 1982 and are currently somewhat below a "bare bones" level. These budget cuts are forcing many State Energy Offices to sharply curtail their activities and to let experienced personnel go. Although the states would like to offset the loss of federal funds with state monies, many are facing severe budget constraints and are unable to do so.

We agree with the Administration that the price is frequently the strongest incentive for conservation. However, we believe that, in order for the market to work properly, accurate and unbiased information must be made available to those individuals and businesses who wish to undertake energy saving measures. After paying all of their other bills, most people have only a small amount of money left over to invest in energy conservation. State Energy Offices, primarily through the SECP and EES programs, are able to provide these citizens with information and assistance in determining how to maximize their investments in conservation. There is really nowhere else that the average citizen can go to get this type of assistance — he certainly will not get it from the storm window manufacturer or the home insulation salesman.

Similarly, many individuals are in the unfortunate position of being unable to even respond to market incentives. We are referring, of course, to those individuals on fixed and low incomes for whom the decision is a more basic one of "heat or eat". Both the low income fuel assistance program and the weatherization program effectively respond to the needs of this group and must be continued. We strongly support the action taken last year to allow states to use up to fifteen percent of their LIEP funds for weatherization. Although demand for fuel assistance monies was particularly high these past few months because of the unusually cold winter experienced throughout most of the country, the states have long supported increasing funding for weatherization, since a one-time investment in the program can substantially reduce continued dependence on fuel assistance payments. We were encouraged by the depth of support for these programs which was demonstrated earlier this session when both Houses of Congress voted to provide $123 million in supplemental appropriations to bring FY 82 funding for the low income fuel assistance program up to the FY 1981 level.

Additional testimony for the record is attached which discusses each of the state conservation grant programs in more detail, provides estimates of the cost-savings which can be attributed to each program, and describes some "real world" examples of specific activities which have been undertaken by several of the states.

We would like to emphasize why we believe that it is so important to continue federal funding for these programs.

Congress has already demonstrated strong support for the low income weatherization program, so we will not dwell on it except to urge you to remember that a dollar spent once to weatherize a home is much more cost-effective than the dollar spent over and over again to pay for the fuel which heats the "energy sieves" in which many of our fixed and low income citizens live; and we believe that any increase in funding above the $150 million provided for this program in FY 1982 will be money well spent.

The states are concerned, however, that the importance of the SECP and EES programs is not fully understood. These programs, which are commonly referred to as the "core" programs, are just that. They provide the basic or "core" support for State Energy Offices in many states, and fund a broad range of activities, including informational and technical assistance programs and emergency preparedness. We fear that since these programs provide basic support for day-to-day operations and personnel, any loss in funding for SECP and EES would also severely jeopardize the schools and hospitals and weatherization programs in many states.

We feel that the $24 million provided for SECP and the $9.6 million appropriated for EES in FY 1982 are somewhat below the "bare bones" level needed to support the core staff and resources of the state energy offices in a time of increasing state responsibilities and reduced federal involvement, and we would specifically urge the Committee to consider reallocating monies from other conservation programs to increase funding for EPCA/ECPA to $35 million and EES to $15 million in FY 1983. We recognize that monies are even tighter this year than last year and that the nation is facing a budget deficit which seems to increase every time we turn around. However, we believe that at a time when the federal government is phasing itself out of energy, it is more important than ever to provide funding to permit the fifty states who still believe that energy conservation and emergency preparedness are important to continue these activities at the state level.

Finally, we note that the Administration has proposed to rescind the $5.7 million remaining from the $7 million originally provided to the states for gas rationing pre-implementation planning in FY 81 and then returned to DOE. Since these funds would otherwise have been spent by the states for activities under SECP in FY 1981, we would urge that, instead of rescinding the money, Congress provide it to the states for emergency planning. We urge your support for continued funding for these most important State Energy Conservation programs.

We also strongly support continued funding for the "Schools and Hospitals" program. The high level of participation in this program clearly demonstrates how effective it has been in encouraging institutions to undertake energy conserving actions.

Statement of Dr. Gene G. Mannella, Vice President and General Manager, Mechanical Technology Inc.

Mr. Chairman, my name is Gene G. Mannella, and I am Vice President and General Manager of the Stirling Engine Systems Division of Mechanical Technolgoy Incorporated (MTI). MTI is a high-technology research, development, and manufacturing company located primarily in New York, but including wholly-owned subsidiaries in Port Huron, Michigan, and Anaheim, California. The Stirling engine development team at MTI, consisting of approximately 100 people, is engaged in the development of both kinematic and free-piston Stirling engines for a variety of potential product applications. As far as we can determine, MTI, equipped with unique test facilities, employs the largest group of Stirling engine specialists in the world. MTI formed this team in response to a national need for this advanced, energy-efficient technology, which had been almost solely under development in Europe and Japan.

Mr. Chairman, my company appreciates the opportunity of appearing before this subcommittee. My testimony today consists of a status report on the Automotive Stirling Engine (ASE) Program (funded by the Department of Energy under Title III of Public Law 95-238), a discussion of the negative impact of the Administration's FY'83 budget request, and some observations concerning the relative position of the United States, Europe, and Japan in the development of this promising technology.

Impact of FY '82 Budget Reduction

The original, two-engine generation program called for a peak effort in FY '82 and expenditures of approximately $18M. Actual funds available from the FY '82 appropriation are $8.7M which, coupled with carry-over funds from FY '81, allow a program level of slightly more than $10M. In addition, FY '82 funding has actually been provided to the prime contractor by a series of monthly contract modifications, rather than the more usual three- or four-month allocation. The results of these budget actions are as follows:

- the design of the Mod II engine was cancelled (making it impossible to meet the time frame established for Title III, PL 95-238);
- component development activities were significanty reduced with attendant increases in technical risk;
- the number of engines within the program was reduced 50% - from eight to four;
- all efforts on public demonstration of Stirling engines and related educational activities were cancelled; and,

- work related to vehicle integration at AM General was significantly reduced, curtailing the most promising route to exposure of Mod I results to the domestic automotive industry in Detroit.

During FY '82, more than three-million dollars was rescinded from the program, while in FY '82, the budget was reduced by approximately 40%. The difficulties in managing the program because of the manner in which the funding is released is also a major concern. Throughout this fiscal year, funds have been released in small increments, making it very difficult to execute any foreward planning. In some cases, planning is restricted to two-week increments. Releasing funds in small increments has and will cost the Government more money in the long run, e.g., delays in hardware purchases eliminate the ability of obtaining an optimum price and delivery date.

Major ASE Program Accomplishements

In spite of budget uncertainties and funding cutbacks, major accomplishments during FY '81 and '82 include:

- The major program milestone of testing and fully characterizing the first Mod I engine system by September 30, 1981 was completed one month ahead of schedule.
- Three Mod I engines were manufactured, assembled, and tested.
- Approximately 500 test hours were accumulated on the Mod I engine by mid-February, 1982.
- Transfer of Stirling engine technology was increased markedly; viz.
  - Mod I engine testing was successfully initiated in the U.S.A.;
  - more than thirty vendors were established in the U.S.A. for the manufacture of Stirling engine components; and,
  - seven major development rigs were made operational at MTI during the past twelve months (these rigs are an integral part of technology transfer and future technology advancement).
- A Stirling engine was successfully tested with five different fuels without any change in engine hardware. The engine power and performance did not change appreciably, and no change was measured in emissions level as compared to the base fuel of unleaded gasoline.

Multi/Alternative Fuels Test Program

During 1981, a Stirling engine was tested with five different fuels to demonstrate the engine's ability to perform satisfactorily with the fuels while maintaining acceptable emission levels.

- The fuels tested were:
  1. unleaded gasoline;
  2. commercial diesel fuel;
  3. gasohol (90%/10%);
  4. shale-oil-derived marine-diesel fuel; and,
  5. experimental reference-broadened-specification aviation. turbine fuel (ERBS).
- Engine performance (power and efficiency) was not affected more than 10%, and engine hardware was not changed to test the engine.
- Emissions were measured, showing no significant change in their levels with fuel changes.

MOD I Engine Data

Testing of the Mod I engine to date has resulted in the following progress:

- Peak Power = 53.9 kW (72.3 hp) versus 50 kW design
- Maximum Efficiency = 37.4% versus 37.7% design
- Minimum BSFC = 0.37 lb/bhp-hr
- Low fuel consumption region is seven times as large as corresponding region for diesel engines.

- Exhaust emissions are consistent with Federal emission goals:

  0.4 g/mi NO_x
  3.4 g/mi CO
  0.41 g/mi HC

ASE Program Status Summary

In summarizing the status report on the ASE program, despite budget reductions and small, continuous funding increments, the following accomplishments have been demonstrated:

- the program is basically on schedule and within cost;
- the Mod I engine has met and will surpass its performance goals, and,
- the transfer of Stirling technology to the United States is proceeding at a rapid rate.

Foreign Competition

It is a paradox that, while support of the United States Government for Stirling technology is receding in spite of excellent technical success, other countries are actually embarking on expanded programs. Most notable is the recent announcement by the Japanese Government of a multiyear development program as part of the "Moonlight Plan". This program was described recently in a newspaper article printed in Japan.

The newspaper article gives a brief but comprehensive look at Japanese interest and activities, and points out that an experimental device, Melsy 2, is already undergoing engineering tests. Aisin Seiki Company is researching a 50 kW (67 hp) engine (probably for automotive application). The description of Melsy 2 indicates that the Japanese have most likely mastered basic Stirling engine technology. Further, the article's discussion of the petroleum required for Japan's automotive fleet leaves no doubt that the automotive application is their real goal.

Proposed FY '83 Program

The program that we propose for FY '83 builds on the excellent initial success of the Mod I engine and emphasizes the development of the characteristics that will contribute to industrial acceptance of this technolgoy. Specifically, the 1983 program will include the following initiatives:

- Through a comprehensive engine test program, the Stirling engine will be proven in regard to reliability and durability requirements of the automotive application.
- Marked improvements will be made to the Stirling Engine System as it applies to:
    - performance and fuel economy;
    - manufacturing cost;
    - small-vehicle packageability; and,
    - manufacturing techniques.
- Proof of its transient capabilities (as applied to the automotive application) in acceleration, cold-weather operation, and emissions will be established, and alternative fuel evaluations will continue.
- This proof-of-concept program will be made possible in a very cost-effective manner, since existing engine hardware will be used in a majority of cases.
- Final demonstration of the transfer of Stirling engine technology will be accomplished through design, manufacture, assembly, test, and development.

In addition, a special initiative will be made to involve the domestic automobile industry in this program. With the favorable initial acceptance of the Mod I data, we believe it is now possible to set up a constructive dialogue with the industry. In particular, we will ask the industry to identify and quantify the operating goals that will be most meaningful to them in assessing the future role of Stirling engines in their product lines. In our opinion, the time has come for the industry to tell the Government what performance levels must be met in order to progress toward a viable alternative power plant.

Conclusion

Without the base of the ASE program, the United States may find itself unable to compete with foreign products not only in the automotive area, but in every current application that involves a spark-ignition or compression-ignition heat engine as a prime mover. Against this background, MTI requests that the Congress provide $12M for the FY '83 program (i.e., a total of $15M to DOE.)

STATEMENT OF DAVID J. HOFFMAN, WASHINGTON DIRECTOR, NATIONAL CENTER FOR APPROPRIATE TECHNOLOGY

Mr. Chairman, Members of the Committee, my name is David J. Hoffman. I am Washington Director of the National Center for Appropriate Technology (NCAT). NCAT is a non-profit organization based in Butte, Montana, established in 1976 to research, develop and transfer small-scale technologies that solve the nation's energy problems. NCAT's goal is to promote the application of conservation and renewable energy technologies that can provide immediate help to individuals, organizations and communities struggling with escalating energy costs. The use of these cost-effective, small-scale technologies can help promote energy self-reliance in the United States.

In the last decade, we have made a good beginning as a nation in the hard task of adjusting to the end of the era of cheap and nonrenewable energy supplies. But it is only a beginning. The National Center for Appropriate Technology urges Congress not to abandon those energy programs which we define as "appropriate" -- renewable energy and conservation -- when their contribution is only just beginning to be felt.

Small-scale, "appropriate" energy technologies will deliver far greater benefits to our nation if they can be far more widely diffused and applied than at present. Many communities and individuals are already strongly attracted to principles of local reliance and self-sufficiency. Many more could be.

NCAT shares the conclusion reached in the 1981 Assessment of Technology for Local Development, conducted by the Congressional Office of Technology Assessment. In the words of OTA's director, John H. Gibbons:

> "Because AT by definition reflects local goals and values, as well as local resources and conditions, the broader adoption of AT may well lead to a more diverse and resilient economic system, but also to one that better serves the social and human needs of communities throughout the Nation."

NCAT BACKGROUND

NCAT's job has been to correlate appropriate technology with the problems facing the poor. To achieve its purpose, NCAT has developed three main strategies: (1) to determine, through research and development, which of the technologies actually worked, and just as important, which were accessible to the target group;

(2) to demonstrate, through small grants to agencies serving low-income people, that the technologies could have a positive impact in solving energy related problems; and (3) to get the useful information, through publications, outreach and training programs, to anyone willing to listen and learn. This three-stage process of technology transfer has become the foundation of all NCAT activities.

NCAT's idea is to transfer skills -- not just information. The goal is to train people so that they can go back into their communities and teach others. Towards that end, NCAT trainers develop programs that have an equal balance of classroom instruction and hands-on construction activity. NCAT staff have also adapted their courses to address the varying technical needs of their trainees. In other words, appropriate technology applications are site specific, and NCAT trainers design courses that cover the technologies suitable in the trainees' regions.

NCAT TODAY

When the Community Services Administration was abolished at the close of FY 1981, NCAT lost its principal source of federal assistance. Last year, Congress authorized and appropriated (in the FY 1982 Interior Appropriations Act) $2.88 million to be used by the Department of Energy for the purposes of monitoring and evaluating the Department's three-year (FYs 1979-80-81) Appropriate Technology Small Grants program, and to disseminate useful information about this program as widely as possible within the technical community and to the general public.

The House Science and Technology Committee pointed out in its report on the 1982 DOE Authorization Act that a well-coordinated and integrated national effort was needed to remedy flaws in the AT Small Grants program.

The Senate Energy Committee report reached the same conclusions in virtually identical language. In report language, the House and Senate Appropriations Committees indicated that the Department was expected to use NCAT to carry out the monitoring and information dissemination project.

Early in 1982, NCAT and the Department agreed to undertake a collaborative program to achieve these goals. In this effort, which is expected to begin in April 1982 and last for eighteen months, NCAT expects to ensure through our scientific resources and technical assistance capability that acceptable technical standards are maintained among the 2400 DOE AT grants. We also expect to mount a major technology transfer effort through consumer-oriented publications and by other means of information dissemination.

NCAT believes that much more remains to be done by the Federal Government if the promise of small-scale technologies to help produce or conserve energy is to be realized. Individual self-reliance, entrepreneurship, and community-based enterprise can flourish only when reliable technical information is available. Yet today, Americans confront a welter of conflicting and confusing claims about technologies. Without trustworthy technical information, consumers simply cannot make informed choices, and the efficacy of market forces is therefore undermined. Consider the conclusion of a 1981 report on appropriate technology published by the Congressional Office of Technology Assessment:

> Even when a technology is fairly well developed and data have been gathered by one developer, its diffusion can be impeded if other potential developers are unaware of the project or unable to obtain detailed information on design, costs, and performance. In some cases this will cause communities to overlook a promising alternative or to waste time and money in an unnecessary duplication of efforts that have already been carried out elsewhere. In other cases it will result in resistance from engineers and financial sources who, in the absence of reliable technical and economic information, consider the project too risky. In a few cases this might cause the failure of a project because its organizers were unaware of the problems, and solutions, that have been discovered in similar projects elsewhere.

NCAT TOMORROW

NCAT urges Congress to take a significant step to realize the potential further contribution which small-scale, appropriate technologies can make during the course of the 1980s as individuals, organizations, and communities seek practical means to help themselves. Many communities, for example, are developing self-help energy programs but are uncertain of which energy technology to make use to provide the biggest BTU bang for the buck. No federal program currently provides technical design review and individually specific information to help inventors, entrepreneurs, and community officials. Other federal information programs -- such as CAREIRS, the Conservation and Renewable Energy Inquiry and Referral Service -- merely provide product referrals and an assortment of publications. But publications and referrals cannot provide the detailed level of information needed for a do-it-ourselves decision at the local level.

NCAT therefore urges Congress to create a National Appropriate Technology Information Service (NATIS) to provide badly needed personalized technical design review of energy-related technologies which are proven cost-effective -- such as alcohol fuels, superinsulated houses, passive solar greenhouses, and micro hydropower systems -- which can be applied locally. We believe based upon our experience that the major problem in technology transfer of self-help techniques is the absence of personalized technical review, which this program would provide.

We propose that NCAT be provided funds through the Department of Energy (or its successor agency) to establish NATIS as an aggressively promoted individualized technical assistance program coupled with information outreach. We believe that NATIS should be funded at $5 million beginning in FY 1983. The purpose of NATIS will be to stimulate individual and community self-help initiatives in the adoption of appropriate technologies to help produce or conserve energy. NATIS staff would serve as a technical resource bank, responding to requests seeking detailed answers to specific questions which need individualized responses such as technical evaluation of designs or the provision of available specialized do-it-yourself materials.

NATIS would build upon a strong base already provided through the NCAT Information Service Component, which has answered approximately 2,000 requests for information each month. This public Information program has been supported by one of the largest small-scale technology libraries in the country, NCAT's computer data base, and by our scientific and technical staff. But without continued federal support, this effort cannot be maintained, much less expanded.

NCAT's five-year history in AT-related research could be applied to a NATIS program. This would ensure that high technical standards are met vis-i-vis information dissemination, ensuring that "state of the art" information is included in publications and technical assistance. NCAT's outreach and training capabilities would ensure that correct, locally relevant technical referrals are made when requested.

NCAT believes that we have in the past only brushed the surface of the potential demand for consumer-oriented technical information to aid people in the application of energy-related technologies. Many Americans today puzzle over how best to insulate their residences, use locally-appropriate passive solar design in home building or remodeling, or apply alcohol fuel systems at the community or small farm level. We believe that a nationally recognized center, to which such people could turn for information and technial assistance, would quickly be inundated with inquiries. A mandate to begin awaits the action of Congress.

STATEMENT OF REXFORD A. RESLER, EXECUTIVE VICE PRESIDENT, THE AMERICAN FORESTRY ASSOCIATION

I am Rexford A. Resler, Executive Vice President of The American Forestry Association, a national citizens conservation organization. We appreciate the opportunity to testify on the Interior and Related Agencies appropriations bill for the Forest Service.

At the outset, let me make clear that we support the objectives of bringing the federal deficit under control as rapidly as possible and we recognize that the budgets of all federal agencies must be sharply constrained to achieve that goal. We support the logic of constraint and accept reasonable reductions in the natural resource programs of the land managing agencies. We urge this Committee, however, to resist excessive cuts in programs designed to protect and manage the natural resources of the nation and to enhance their long-term productivity while others, such as defense, foreign aid, and various subsidy programs expand, seemingly with little regard for the serious impacts that massive deficits impose on the nation's economy. As you know, the appropriations for protection and management of natural resources is such a small component of the federal budget that it can't even be shown on a pie chart (0.56%); only when pollution abatement and water resources construction and maintenance is added will the combined figure (1.64%) register--and then barely. The point we would make, Mr. Chairman, is that successive Administrations have slighted long-range investments in favor of short-term expedience. This Committee, and its counterpart, has been the bulwark against short sightedness in the past; we urge your continued support, albeit constrained by the necessities of the day, for programs on which future generations will depend.

We are proposing no increase in the Forest Service budget totals. However, we recommend the following amendments be made to the President's budget for FY'83:

Forest Service	President's '83 Budget Authority	Change	Request
Forest Research	$ 97,990	$ +10,010	$ 108,000
State & Private Forest Cooperation	47,520	+12,480	60,000
Construction & Land Acquisition	297,505	-22,490	275,015

The President's budget proposes sharp reductions (17.2%) in research on the apparent assumption that research will be picked up by the private sector or that it can be foregone. The cut of $2 million would extend the forest survey cycle from 11 years to 13 years when we sorely need inventories on a five-year cycle if the data is to be useful to decision makers. Forest product utilization research is being cut by $2.5 million with the major impact on research relating to utilization of dead and dying timber. This will also impact research on hardwoods designed to find economic uses for low grade hardwoods which constitute the bulk of our surplus growth. Timber management research is being reduced $1.7 million and wildlife, range, and fish habitat management is cut by $1.3 million.

It is a historic fact that investments in forest research in the private sector is well below that of any other major industry. Research is the key to future productivity, yet it is something that can be slighted because the impact is felt 5 to 10 years later. It is also a fact that industry research is oriented to products and processes where there is a high probability for pay-off in the short term. High risk and long-range research, basic research, will be supported by the public sector or it won't be done. We believe that some of these cuts should be restored to at least the '82 appropriation level to maintain a viable research capability. The elimination of over 500 full-time positions (20%) is, in our judgment, crippling. Nor do we believe that the reduction in the research program will be picked up by the private sector; it will simply not be done. Under the best of conditions, it takes about 15 years from inception of a research project until the findings are generally available and being applied. That time lag we cannot afford if we expect to reach some practical order of self-sufficiency by the turn of the century.

We believe that the reductions in the cooperative forestry programs are excessive and unwise. We endorse the notion that the States should become self-sufficient in the protection and management of forest lands and that the federal role should be one of coordinating protection efforts, forest surveys, etc. But the reality is that without a continuing base of financial and technical assistance, many of the States cannot, or will not, provide the same level of protection and management services. And, if many of the welfare programs are turned back to the States, you can imagine how well protection and management programs will fare in that competitive arena.

We endorse the forest products industry's efforts to provide more services to non-industrial private forest land owners. But the reality is that they have been unable thus far to fill the void, and in the present economic climate, they must further retrench. If, or when, a viable alternative is demonstrated, we will support a substantial reduction in federal financial assistance to the States, and through them, to the private forest land owners. When only one acre out of nine in the Southeastern states is being purposefully regenerated, it seems illogical to conclude that the job will magically get done if we stop what we are now doing. Indeed, the cooperative forestry programs should be doubled if we expect to have adequate supplies of softwoods at affordable prices by the turn of the century. However, we recommend that something approaching the reduced '82 budget be retained ($60 million) as a minimum. Let's see if alternatives develop before we drop public support for our forest lands.

We believe that the Construction and Land Acquisition appropriation could be reduced by $22 million to compensate for increases in the research and cooperative forestry programs. The outlook for timber harvesting is dismal at best and is not likely to pick up until interest rates drop to the 10-12% range. There is a $38.7 million increase in Forest Road Construction plus a $26.2 million increase in Timber Purchaser Road Credits. We suggest that you explore the need for these increases.

We support the effort to get the timber sale program up to the sustained yield level of the National Forests, provided the necessary support funds are made available to assure that there is no slippage in the quality of the sales offerings. However, we are concerned with the fact that trail maintenance, soil and water management, and range management, are being hit pretty hard. We are recommending no change in the expectation that the balance reflected by the Resources Planning Act programs can be restored as soon as the huge deficits are brought under control.

Mr. Chairman, we empathize with the Committee as it agonizes over some very difficult decisions--decisions that will affect this country for years to come. We recognize that the misery must be shared. We hope that natural resources programs will not suffer unduly in the process.

And finally, we would like to mention a point which relates to appropriations indirectly. The President's initiative to generate revenue by disposal of federal lands such as National Forests and BLM lands which "May have potential for higher and better uses in private ownership, such as for raising crops of timber," is a totally unacceptable policy direction--if it is seriously pursued. The idea of buying guns with receipts from the sale of our public heritage is an idea which must be squelched. Authorities already exist for disposing of truly surplus parcels; we hope this notion suffers the same niche in history as WIN buttons and presidential luggage carrying.

We appreciate the opportunity to appear before this Committee. Time does not permit presenting our views on the BLM and Fish and Wildlife Service budgets; we plan to submit separate statements on those Agency budgets.

LETTER FROM JAMES A. TIMMERMAN, JR., EXECUTIVE DIRECTOR, SOUTH CAROLINA WILDLIFE AND MARINE RESOURCES DEPARTMENT

March 11, 1982

The Honorable Ernest F. Hollings
State Office Building
Washington, D. C.

Dear Fritz:

Once again the Fish and Wildlife Service plans to close fish hatcheries in South Carolina. This is reflected in the recently submitted budget to Congress. We have fought this battle repeatedly for the past five years, annually turning to you for assistance. Our most recent letter to you on October 13, 1981, explained in detail how fishing opportunities would be curtailed in South Carolina if the Walhalla and Cheraw National Fish Hatcheries were closed. With the priorities used by the Service in considering which hatcheries would be closed, we do not feel they have sufficient justification, particularly as the Cheraw Hatchery relates to the Anadromous Fish Program. With the present Administration's budget reductions, we feel closure of these hatcheries more imminent and real than ever before. It is our understanding that the operations will begin phasing out during March with complete closure by September. Once again, any assistance you can provide to minimize this impact on fishing in South Carolina would be appreciated. If someone from your staff desires more detail on the hatchery system and its place within our total program, please contact Joe Logan, Chief of our Freshwater Fisheries Division at 803 758-0007, and he will be more than glad to provide you with any information desired.

Another program of extreme importance to us in South Carolina which has a zero budget for 1983 is the National Reservoir Research Program. Reservoirs (the majority federally built and funded) provide the largest portion of freshwater fishing in the United States. Percentage-wise, South Carolina probably leads the nation comparing reservoir acreage to total land acreage.

Field stations of the National Reservoir Research Program are located in Arkansas, Kentucky and Clemson, S. C. The team of fishery scientists at the Clemson station has been invaluable in providing this agency with information needed to protect and enhance the aquatic systems. The Fish and Wildlife Service agrees to the need for research on reservoirs, however, they state that reservoirs are under the management of state fish and game agencies, thus the justification for the closure of these research stations. We disagree since the majority of large reservoirs were federally built and funded and many are interstate. With the construction of these large reservoirs, states simply do not have the personnel to carry out the complex investigations and analyses required to make proper management decisions.

In June, 1983, a new federal reservoir, the Richard B. Russell Reservoir, will begin filling. We were depending upon the National Reservoir team at Clemson assisting our Department in providing information that will be required for properly managing this 26,500 acres of water.

I am attaching a fact sheet on the National Reservoir Research Program. There may be some programs within the Service that are questionable, however, we strongly endorse this program and hope you can in some manner assist in restoring this budget.

If we can provide any further information, contact us any time.

With kindest personal regards,

Sincerely,

James A. Timmerman, Jr.
Executive Director

National Reservoir Research Program

Why are we doing it?

The Fish and Wildlife Act of 1956 and the Fish and Wildlife Coordination Act of 1958 focused attention on the importance of developing methods for managing reservoirs and tailwaters. The National Reservoir Research Program (NRRP) was established in the early 1960's to carry out a long-term assessment of reservoir fisheries. This need was evident because reservoirs account for the largest portion of freshwater fishing in the U.S. (about 10 million acres) and because the majority of large reservoirs are federally built, funded, or licensed. In addition, many reservoirs are interstate and most states do not have the capability to carry out the complex investigations and analysis required to understand and manage these bodies of water. The program provides biologists with needed tools (predictive formulas, stocking ratios, predator-prey formulas, etc.) in order to manage fisheries within their jurisdiction. A single Federal group working on several reservoirs and analyzing data from nearly all large reservoirs nationally is cost effective and efficient.

Under the Fish and Wildlife Coordination Act, the Service comments on the impact of all power plants licensed and makes recommendations for minimizing damage or enhancing the environment. Over 160 nuclear power plants are planned, under construction, or operating and over 1,000 potential pumped-storage sites are identified in the United States to meet power requirements. Many of these plants will impact existing reservoirs. Considering the limited biological knowledge and complexity of reservoirs, and the increased use by power plants and industry in the future, it is necessary to study these waters to predict the effects of water quality alterations on the fisheries and management options.

What are we doing?

1. Assessing stocks in several reservoirs in order to develop and improve predictive models, reservoir management models, and power plant models. Predictive models, based on past and current data are used to estimate sport fish production and optimum yield levels for individual waters, including those not yet constructed. Reservoir management models, such as predator/prey ratios, provide methods for managers to determine harvest regulations and stocking requirements. Power plant models are used to predict impacts of pumped storage hydroelectric operations and heated effluents from steam electric generating plants on fish and habitat influenced by these operations.

II. Completing study of multiple outlet reservoirs. In cooperation with U.S. Corps of Engineers (USCE), the impact of surface outlet versus low level outlet flows on fish and habitat in reservoirs and tailwaters is being determined. USCE has operated at surface levels for 4 years and 3 years at deep levels. Measurements in 1982 will complete the field work; analysis of data will be completed by December 1982. Reports to provide a comparison of effects of release from various depths and a complete synthesis of all field data from the project with potential application for management of other multi-outlet projects are due September 1984.

III. Completing Corps of Engineer funded tailwater studies. In order to understand the impacts of reservoir operations and releases on downstream aquatic biota, a seven year (1978-84) study is being conducted at seven tailwaters in Kentucky, Arkansas, and South Carolina. Research describes the effects of altered minimum releases, altered release depths at hydroelectric plants, and variable hydropower releases on water quality and aquatic life. The information will be used to develop operational guidelines for reservoir releases.

IV. Conducting studies on the effect of power plants on fish and other aquatic life in reservoirs. Water quality and biological information has been collected from a series of power reservoirs in the upper Savannah River watershed. Studies have centered on the effects of moving large volumes of water between reservoirs at pumped-storage hydroelectric plants and on the effects of heated discharges from a nuclear power plant. Recently studies have been expanded to evaluate the effects of redeveloping old low-head hydropower plants on anadromous fish (i.e., striped bass, sturgeon, shad) migration and reproduction.

V. Evaluating the role of striped bass in reservoirs. Striped bass are often stocked in reservoirs to feed on abundances of shad common in open waters and as a large sport fish. Striped bass reproduce in some reservoirs and periodic stocking is necessary in others to maintain the stock. Studies are ongoing to determine the interactions among striped bass, forage fishes and zooplankton in Lake Texoma, Oklahoma-Texas. Research is also determining the preferred habitat of all ages of this fish in reservoirs. NRRP is participating in a cooperative study with the Southeastern states to evaluate striped bass survival following stocking in reservoirs. This work will help determine stocking rates and potential harvest.

VI. Evaluating the effectiveness of Service trout stocking in Southern reservoirs and tailwaters. Trout fishing has been extended throughout the South by stocking trout in cool tailrace streams below reservoirs and in large reservoirs which maintain adequate water temperatures and dissolved oxygen levels in the deep water during the summer. The survival and return to the creel of various strains and those stocked at various sizes are being determined. The study will help set priorities for stocking trout raised in Service hatcheries in the future.

VII. Surveying the anadromous fish resources of the Savannah River Basin. Most anadromous species common to the South Atlantic states migrate upstream to Augusta, Georgia (about 200 miles). Initial work is documenting species composition and distribution of fish and invertebrates and water quality parameters. Specific studies will assess factors responsible for growth and mortality during early weeks of life. Work will lead to a management plan for the development and protection of the fishery resources in this basin.

Who Are We Benefitting?

The work of NRRP benefits nearly all agencies with natural resources responsibilities. This program has synthesized large volumes of field data into expressions useful to reservoir planners and managers. Models for predicting fish standing crop and harvest are used by the Division of Ecological Services (FWS) and State agencies for use in reservoir impact assessment and planning. Research and models related to power plants are important to our Ecological Services, the Corps of Engineers, Federal Energy Regulatory Commission, U.S. Environmental Protection Agency and the States. Power Companies benefit by learning methods of minimizing damages and enhancing the use of their systems. Evaluation of stocking programs are used by the Service's Division of Hatcheries and Fishery Management. NRRP, by maintaining an active involvement in the Reservoir Committee, Southern Division, American Fisheries Society, provides leadership in the development of reservoir research and management strategies. The program further aids State fishery agencies by providing new sampling techniques and leading interagency cooperative studies.

Products

o Studies conducted by or under the auspices of the NRRP have resulted in the publication of over 250 scientific papers and reports covering reservoir ecology and management. Information transfer is an essential element of any research program.

o Guidance manuals are frequently prepared to summarize knowledge gained and present information in a form readily available to planners and managers. As an example, a manual for managing cooling lakes and ponds for fish and wildlife was recently completed. Relevant management theory and techniques for unaltered environments are combined with information on the effects of power plants to provide guidelines for optimum use of habitats created. Trade-offs between management of cooling lakes for fish and wildlife and management for power production are recognized.

o Workshops are held to exchange data and ideas with others concerned with specific topics. The "Clemson Workshop on Environmental Impacts of Pumped Storage Hydroelectric Operations" provided 70 scientists, representing most of the major pumped storage facilities in the United States, the opportunity to discuss mutual problems and research. The Proceedings from this workshop were published by the Office of Biological Services (FWS).

o The predictive utility afforded by the various models is adequate for a number of practical purposes where budgetary constraints preclude detailed studies of reservoirs. Approximations of fish yields and standing crops can be useful to managers who must make management decisions before comprehensive field data can be collected. Consequently, training modules have been developed to teach Service employees and workers from other agencies how to use the predictive methods developed by NRRP. All training is in cooperation with the Service's Fisheries Academy.

o The NRRP provides numerous other services. Upon request of Ecological Services (FWS), predictions of fish standing crops in specific reservoirs are supplied (51 in 1981). State fish management agencies receive requested available prey-predator calculations (99 in 1981). Advice is provided to Ecological Services and outside State and Federal agencies on specific problems such as dredging and filling, dam construction and other habitat alterations (frequently on the telephone). Staffs regularly confer with other agencies to plan work of mutual needs and review ongoing research. Talks on research are given at scientific meetings and to interested civic and other organizations. Manuscripts from outside sources which are being considered for publication in various scientific journals are reviewed.

STATEMENT OF THE AMERICAN RECREATION COALITION

The American Recreation Coalition (ARC) is pleased to submit its comments on federal recreation program activities as this body reviews the Fiscal Year 1983 budget proposals for various Interior agencies and for the Forest Service. ARC was formed three years ago to provide a unified voice for recreation in America. Our membership now includes approximately 80 national and regional organizations representing a broad array of recreational activities and recreation industries, from American Youth Hostels, Inc. to the International Snowmobile Industry Association; from the American Horse Council to the National Marine Manufacturers Association; from the Experimental Aircraft Association to the International Association of Amusement Parks and Attractions. A full listing of our membership is attached.

We are united by the belief that recreation is a large and essential part of America's economy and the quality of life of its people. Virtually every American engages in recreational activities, selecting from among a wealth of outdoor and indoor leisure-time pursuits those which offer personal fulfillment and a release from the tensions developed in today's stressful lives. The importance of recreation to Americans is underscored by expenditures in this sector -- some $200 billion annually spent on everything from movie passes to tennis rackets, bicycles to bowling balls.

Yet despite its importance recreation is receiving precious little attention in federal policy making today. The absense of the word "recreation" from the title of any federal department or agency and from the title of any structure in Congress underscores this reality.

The federal role in recreation has been an important role historically and should continue to be important in the future, although the focus of this role may be ripe for change. Most importantly, the federal government cannot walk away from its responsibilities as a manager of one-third of our nation for the well-being of all Americans, a well-being dependent in part upon recreational opportunities. Nor should it abrogate a responsibility for encouraging and assisting cooperative efforts by the private sector and all levels of government to provide to the American people a diverse array of quality recreational opportunities.

Today, significant problems face recreation in America. These problems affect both private and public sector recreation providers, although the public sector may face the most dramatic difficulties.

Our national parks and national forests face severe needs for facility improvements. A recent GAO study has estimated that renovations required to overcome health and safety code violations on federal lands alone could cost $2 billion. Moreover, recreation demand projections suggest continuing growth in visitations to federal recreation sites at a rate beyond the rate of population growth in America.

The era of tight-budget restraints at federal, state and local levels is also impacting recreation. A mainstay of recreation land acquisition and federal development at the state and local levels, federal grants from the Land and Water Conservation Fund, has been at least temporarily ended. From California to Idaho to Massachusetts, property tax limitations have forced dramatic recreation program cutbacks at the state level. Toledo, Ohio, has eliminated its parks department. Campgrounds at national parks and forests are opening later in the spring and closing earlier in the fall. Interpretive programs are being cut back and brochures describing facilities and features in national parks cannot be reprinted once current stocks are exhausted.

Even though public recreation program budgets constitute a minor part of the total spending on recreation -- currently less than five percent -- the programs they fund are of disproportionate importance. Without public softball fields, the market for bats, gloves and softballs would be much smaller. Without public campsites, sales of tents and RV's, along with a wide array of ancillary equipment, would undoubtedly decline. In a very real sense, public recreation sites and programs are catalysts for recreation in America.

NEW DIRECTIONS IN FEDERAL POLICY

The Reagan Administration advocates basic changes in the role of the federal government, specifically encouraging shifts of responsibility to the private sector and to state and local units of government. The recreation community generally supports both transfers.

The Administration has also expressed its intent to deemphasize the role of the federal government as a major financier of recreation programs with funds drawn from the general treasury. Grants to local governments will be curtailed and increased reliance will be placed upon the collection of money from those who benefit from special services.

The recreation community recognizes that there is "no free lunch," and thus is willing to work with Congress and the Administration to reduce the net costs of federal recreation programs. However, we underscore the need for some guidelines for these discussions.

First, current fees and taxes paid in conjunction with recreation must be acknowledged and accounted for. Second, federal recreation program spending must be evaluated, to insure it is appropriate and desired. Third, mechanisms need to be found to assure the return of newly-collected fees and charges to those paying the bill.

EXISTING LEGISLATIVE PROBLEMS

Federal programs which are direct providers of recreational opportunities are subject to two major forces which limit the government's ability to charge those who benefit from the recreational services provided. First, legislation now limits the extent and amount of entrance fees, and to a lesser extent user charges, under the Land and Water Conservation Act and language contained in recent appropriations measures. Equally importantly, the appropriations process itself discourages fees and charges consistent with the cost of services provided. At the present time, there is no connection between monies collected for specific services or at a specific site and the budgetary allocation for those programs. As a consequence, many recreation facility managers are hesitant to increase charges when they cannot assure visitors a resulting improvement in services. Their reticence is exacerbated because many services have been reduced substantially.

FEDERAL RECREATION PROGRAMS IN FY 83

We believe the federal government has three very appropriate and important roles to be played in the recreation arena:

- as a central mechanism for transferring technical data and information among public and private sector recreation delivery agents;
- as a coordinating force, assuring that interstate cooperation exists in identifying and developing recreational opportunities; and
- as a recreation manager on federal lands.

We believe each of these roles is harmonious with existing statutes and with the new initiatives to re-define the role of the federal government. Unfortunately, the FY 83 budget proposals offered by the President in February 1982 do not offer us much hope that these three roles are sufficiently understood.

RECREATION EXPERTISE TRANSFER

After many years of neglect, the U.S. Department of the Interior has in recent years taken several key steps toward becoming the focal point for recreation technical assistance urged by the Outdoor Recreation Resources Review Commission and mandated by Public Law 88-29. Despite the late start, this federal effort has already produced remarkable results, results which mean a legacy of improved recreational opportunities for generations of Americans without incurring federal capital costs or operations and maintenance expenses. Now operating as the Park and Recreation Technical Assistance Division of the National Park Service, this effort also has been a primary catalyst in encouraging public/private sector cooperation in the delivery of recreation services.

The National Park Service's Recreation Division has approached its technical assistance program wisely and efficiently. It has looked to public and private sector recreation managers for ideas and creative approaches rather than opting for expensive R & D. It has emphasized a transfer of knowledge between providers through referrals rather than through development of an extensive in-house staff of experts. Receptivity to this methodology is demonstrated by the rapid growth of a network of primary constituents under the Information Exchange program. Currently including 15,000 organizations and individuals, this interactive network is both a primary resource for discovering and disseminating new ideas and information on recreation pattern changes.

Among the notable successes of the division's activities are the collection and publication of effective recreation techniques in such fields as: (1) energy conservation; (2) dealing with budget cutbacks; (3) establishing fees and charges; (4) utilizing volunteers in public recreation programs; and (5) fundraising.

The known results of these publications are astonishing. Recipients of the booklets described above have written, unsolicited, to describe 31 projects inspired by this information yielding literally millions and millions of dollars in private donations of land and money to cities from Baltimore to Philadelphia to Cincinnati to Houston to Seattle to Eugene to Portland. A listing of these direct results is attached.

Unfortunately, this very special and very effective program is given poor treatment, indeed, in the FY 82 budget and FY 83 proposal. During the current fiscal year, funding has been slashed by 50 percent from $3.4 million in FY 81. For FY 83, the Administration is requesting just $.7 million, or 20 percent of the FY 81 level. The requested amount would cause a 50 percent drop in staff and force the closing of virtually all regional operations so essential to uncovering creative approaches which have application to other public and private recreation providers. The proposed budget would also cause the Information Exchange to be abandoned.

The American Recreation Coalition recognizes the need for reductions in federal spending. However, we believe that the Administration's request for this program in FY 83 is in error. At minimum, continuation of the FY 82 funding level is required. The proposed cutback will inhibit the smooth transfer of federal responsibilities in the recreation field to the private sector and local governments; increased funding will actually assist in reducing other direct federal costs.

COORDINATION

A re-defined federal role in the recreation field should not mean an end to activities designed to help coordinate the efforts of the states and others to meet America's recreational needs. This responsibility is in fact set forth in statute (Public Law 88-29; Land and Water Conservation Fund Act). Among other benefits, an effective coordination role can offer efficiencies in public and private sector investments.

The Administration proposes only $88,000 in FY 83 for the Nationwide Recreation Plan program, a key element in this coordination effort. We urge the Congress to provide $300,000 for FY 83 to this program, especially during the current period of change in federal recreation policies.

DIRECT PROVIDER ROLE

The final, and perhaps most significant, federal role in recreation involves our public lands -- approximately one-third of our nation's surface area. Today, they serve as the basic reservoir for meeting outdoor recreation demands in America by persons of all economic levels. We believe this pattern can and should continue.

Our public lands system of national forests, national parks, national wildlife refuges, national recreation areas and multiple use lands is open to use by campers, hikers, hunters, fishermen, photographers, skiers, snowmobilers, equestrians, off-road vehicle enthusiasts, boaters and recreationists of many other types from every geographical area of our nation. In fact, an overwhelming majority of Americans participated in these activities last year. The national forest system, the national park system and the Corps of Engineers recreation system hosted hundreds of millions of recreation visitor days last year.

The reality is that use of our public lands is especially important to middle and lower income groups in America. Frankly, the affluent of America will have their recreation either here in the United States or abroad regardless of opportunities on the public lands. But for many Americans, country clubs and international travel are not options and, besides, the lure of America's natural splendor is most attractive.

Yet today, budget cutbacks and proposed further cutbacks threaten to force the managers of our public lands to close these lands to recreationists. These reductions are explained at least in part by those who believe that recreation is a nicety, a "frill," that the government cannot subsidize during tough economic periods.

The American Recreation Coalition disagrees strongly with this view for several reasons:

1. Recreationists now pay substantial sums to the federal government for their use of public lands.
2. Recreationists would be willing to bear still higher fees, charges and taxes if those costs were attributable to the costs of services and facilities actually used.
3. As custodian of our nation's public lands, the federal government is obliged to either be our effective landlord or to open access to the private sector to provide the needed management.

It is doubtful that anyone in the public or private sector appreciates the sizable dollars now being paid by recreationists in connection with their use of public lands, directly or indirectly. Skiers buy lift tickets from companies which in turn compensate the federal government for special use permits on national forests. Snowmobilers, off-road vehicle enthusiasts and boaters pay a total of many tens of millions of dollars annually in federal gasoline excise taxes. Federal excise taxes are paid on firearms, ammunition, archery equipment and fishing equipment. Entrance fees at parks, campsite charges, boat launch fees and a myriad of other special assessments now exist. In total, these monies are substantial.

With few exceptions, these federal collections are not publicly credited to recreationists nor are the levies returned to federal agencies to fund their recreation program activities. Most fees and charges are simply deposited in the general treasury; federal gasoline taxes are deposited in the Highway Trust Fund.

Moreover, the costs associated with providing recreational opportunities on the public lands are not great. In fact, a liberal allocation of all Forest Service expenditures on recreation, including a portion of road construction and maintenance costs, would represent less than $1 in cost for every one of the more than 200 million recreation visitor days provided. Similarly, the total cost of our national park system, including capital expense items, is roughly $3 for each recreation visitor day provided.

We urge this body to act to insure that America's parks and forests, lakes and rivers are not closed to public use and enjoyment as the easy response to today's budget challenges. The proposed budget for managing our national parks, national forests and other federal recreation sites projects a decrease in the quantity and quality of services to be provided. The American people deserve better; they deserve creative approaches to fulfilling their recreational needs and to build quality lifestyles which will continue to distinguish this nation from all others in the world.

Specifically, we urge this body to provide increased funding for new efforts by federal land managing agencies to:

1. solicit and manage volunteer workers;
2. develop a system for assessing actual costs of recreational services and communicating these costs to the public; and
3. create partnership programs involving other public and private sector organizations to disperse use to lesser-known areas and non-peak season periods.

ORDERLY REVIEW OF FEDERAL RECREATION PROGRAMS

In 1958, a diverse group of private and government figures were drawn together to work under the auspices of the Outdoor Recreation Resources Review Commission (ORRRC). The product of this group's efforts was a blueprint for meeting the recreation needs of America. Many of the institutions influencing the recreation opportunities we now enjoy were the products of the initiative, including the National Wilderness Preservation System, the Land and Water Conservation Fund and the technical assistance activities performed by the Bureau of Outdoor Recreation/Heritage Conservation and Recreation Service.

However, there have been basic structural changes in the American economy since the time of ORRRC. A new blueprint is required which similarly draws upon the expertise and interests of all those involved, including federal agencies and elected officials, state government officials, local government representatives, private for-profit corporations, private non-profit organizations and representatives of organized users. This diverse group must look creatively at the problems facing America's recreational delivery system and help to define roles which each interest can best play in meeting those demands. The need for this review is especially keen in light of Reagan Administration efforts to transfer current federal recreation programs to the private sector and more local governmental bodies.

We urge the Congress to support a review of the current recreation delivery system, federal and non-federal, private and public, so that a blueprint for meeting our nation's recreation needs for the next twenty years can be charted.

CONCLUSION

In closing, we wish to particularly commend the National Park Service for its recent efforts to cooperate with the private sector. NPS Director Russell Dickenson and his Special Assistant for Tourism, Priscilla Baker, have successfully demonstrated the viability of public/private sector cooperation in overcoming management problems involving overuse and inadequate resources to communicate information to the public. Already, private sector interests have agreed to publish a national map of NPS sites and a guide to winter opportunities in the system at no cost to the federal government. Proposals for additional projects ranging from public service announcements about lesser-known areas to increased "joint marketing" of regional opportunities, again relying primarily on private sector funding, are under consideration. We urge that creative approaches such as this be rewarded by special funding provisions, since the projects offer a very real means to reduce overall federal spending.

We also applaud the Forest Service for its experimentation with contracting out management of forest campgrounds this summer. We urge further steps of this type to integrate private sector and public sector recreation providers.

Thank you.

PARK AND RECREATION TECHNICAL SERVICES

EXAMPLES OF RESULTS

Portland, OR. Consultation resulted in donation of $550,000 in property and $150,000 in cash to Marquam Nature Park.

Cincinnati, OH. Gifts Catalog handbook helped produce so far $3,000 in gifts.

Munster, IN. Gifts Catalog handbook helped produce $2,000 in playground equipment.

Gallipolis, OH. Gifts Catalog handbook helped produce $15,000 in donations.

Seattle, WA. Consultation resulted in $40,000 donated to foundation for land purchase at Carnation Marsh; $40,000 pledged for foundation to operate first year; donation of 22 acres also pledged.

Fairfax Co, VA. $72,500 in avoided costs through utilizing the PARTS developed Energy Planning and Management program.

Baltimore, MD. Neighborhoods handbook helped recycle city owned vacant lot into a community owned vegetable garden.

Philadelphia, PA. Demonstration project helped improve maintenance system resulting in the ability to justify new equipment for $250,000 and a $1.6 million supplement to park budget. The resulting maintenance system is now being adopted by all city departments.

Hartford, CT. Handbooks helped establish recreation equipment bank so citizens can borrow equipment.

St. Louis Co., MO. Consultation resulted in 93 acres of land valued at $76,000 being donated by a private company for a riverside park.

Santa Rosa, CA. Maintenance Impact Statement Handbook helped save 40% in utility costs.

Augusta, GA. Training in acquisition strategies resulted in 20 acres donated at value of $185,000.

Houston, TX. Major demonstration project resulted in $1 million bond program; $1 million from a private foundation for development of a demonstration site along the Buffalo Bayou. "Give a Park to Houston Month" resulted in $15.2 million in donations and 1,353 acres of land.

Houston, TX. A PARTS workshop resulted in the Houston Independent School District obtaining a $13,000 donation to build a park and two neighborhood groups donating $10,000 in labor.

Seattle-Tacoma-Everett metropolitan Area, WA. Demonstration project helped get 34 park and recreation sites rehabilitated to accommodate the physically handicapped.

Denver, CO. Major neighborhood self-sufficiency demonstration project resulted in 5 neighborhood land trusts being formed; bargain sales of 2.5 acres valued at $10,000; land donated valued at $2,500 for a mini-park; $75,000 donated for development; $25,000 in donated labor; $250,000 in loan support for development from the private sector, and $303,000 in public funding.

Kansas City, MO. Neighborhood training and consultation project helped get a neighborhood land acquisition specialist hired through fundraising, value estimated at $25,000, commitment made by private trust to turn over 100 lots valued at $1,000,000 to neighborhood groups.

Omaha, NB. Consultation helped obtain a grant of $25,000 to train a neighborhood land acquisition specialist.

Eugene, OR. Consultation resulted in 81 acres along the McKenzie River acquired through bargain sale, 50% of the fair market value--a savings of $200,000.

Petaluma, CA. Information helped raise $9,000 from a Gifts Catalog during the first 9 months.

Austin, TX. Consultion helped acquisition of 4,705 acres for a new state park using less than fee land acquisition techniques.

Independence, MO. Consultation helped consumate a bargain sale and private fundraising ($260,000) to preserve a National Register site, the Bingham-Waggoner Estate.

Lakewood, CO. Use of the Gifts Catalog approach has resulted in $50,000 in donations.

Pueblo, CO. Self-help information helped obtain community owned property at a cost of $7,500

Muncie, IN. Self-help information aided a neighborhood organization obtain a community owned school property for park and recreation purposes at no cost.

Roanoke, VA. Neighboorhood self-help information assisted in obtaining 7 vacant lots at no cost

Federal Way, WA. A consultation resulted in the donation of 34 acres valued at $225,000 for natural area protection and research.

Fairfax, VA. A $100,000 play area will be constructed with no public funds using $13,000 raised through various fundraising techniques including a gifts catalog, $5,000 in donated material, and 3,000 hours of volunteer construction help.

St. Paul MN. Consultation resulted in the donation of 1,100 acres valued at $2 million.

Watrous, NM. Consultation resulted in a former school being rehabilitated into a community recreation center and adjacent area developed into a park site.

Burlington,VT. Training and consultation resulted in the donation of 4.4 acres of land valued at $200,000.

SUBCOMMITTEE RECESS

Mr. CUSHING. With that, the subcommittee will stand recessed until Tuesday, March 9, at 9 a.m., when we will hear testimony from the Economic Regulatory Adminstration and the Energy Information Office of the Department of Energy.

[Whereupon, at 12:20 p.m., Wednesday, March 3, the subcommittee was recessed, to reconvene at 9 a.m., Tuesday, March 9.]

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